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East Asia

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East Asia
ANNEX

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Japan

Auto Makers' Sales in U.S., Europe Drop

OW2910140192 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Oct 92 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] Japanese automobile makers' shares of sales (including locally manufactured cars) are dropping on both the U.S. and European markets. During the period between January and September 1992 the Japanese share of car sales dropped by 1.5 percent in the United States and 0.67 percent in Europe compared to the same period last year. Only one Japanese auto maker has been able to sell more cars this year than last year on the two markets. The rise in the value of the yen caused the drop in price competitiveness, and the slogan that "Japanese cars are strong during bad times" is becoming a myth. All the companies are giving priority to local production, and this adjustment of supply is putting a strain on exports. This drop in the Japanese share temporarily eases the trade friction that Japan has with the United States and Europe, but, on the other hand, it is likely to hold back profit-making by Japanese auto makers, which are facing hard times on the domestic market.

New York, 26 October, by reporter Kobayashi [dateline and name as published]—In the United States the sales of automobiles on the whole, including passenger cars and light trucks, during the period from January to September 1992 totaled 9.73 million units, increasing by only 2.9 percent compared to the same period last year. In the past the share of Japanese automobiles has usually risen in the market during periods of slow economic growth, but this time car sales totaled 2.37 million, a 3.1 percent drop compared to the same period last year, and the share dropped by 1.5 percent to 24.4 percent. On the other hand, the U.S. Big 3's share rose by 1.8 percent to 72.1 percent. Individual Japanese auto makers were unable to sell more cars during this period in comparison to the same period last year; Nissan Motors' sales dropped by 4.3 percent, and Honda's sales dropped by 5.6 percent, with Toyota Motor Corporation being the sole exception (1.8 percent increase).

In the United States, the sale of light truck-type vehicles, like mini vans and RV's (recreational vehicles), has continued to increase by 10 percent in comparison to last year, since the beginning of this year, as their usefulness and relative inexpensiveness have appealed to the public. This is in direct contrast to the sale of passenger cars which has leveled off. With Japanese auto makers, nearly all of the locally-manufactured vehicles are passenger cars. Car makers have been unable to ride the wave of the truck boom in the United States, as dumping charges have been placed on the export of mini vans to the United States.

London, 26 October, by reporter Inoue [dateline and name as published]—The share of Japanese cars in the European market is also dropping. During the period from January to September of this year, the sales of Japanese cars (passenger cars) in 18 European countries totaled 1,255,942 vehicles, accounting for 11.96 percent of the share, a drop of 0.67 percent from the 12.63 percent marked during the same period last year. The drop in the share of Japanese cars is particularly notable in Germany, where the economic boom spurred on by the unification of West and East Germany's has ended; and in France, which continues to restrict the import of Japanese cars.

While the sales of passenger cars throughout Europe for the month of September showed a growth totaling 937,792 vehicles, an increase of 4.3 percent in comparison to the same period last year, the sales of Japanese cars, on the contrary, dropped by 1.9 percent to 120,639 vehicles, leaving a strong impression that "Japanese cars are not doing very well."

Among business circles in the European automobile industry there are widespread views that Japanese auto makers, which have previously maintained superiority in the area of compact cars, have, at this point, begun to rapidly lose competitiveness due to the improvement in quality and productivity of European auto makers and the rising value of the Japanese yen.

Due to the slow recovery of the European economy, it is expected that automobile (passenger cars) sales in the 18 European countries for 1992 will total around 13.2 million vehicles, about 2 percent below last year's figures.

Among the five major Japanese auto makers, only Honda Motor Co., Ltd. (marking 3.2 percent increase in sales compared to the same period last year) was able to surpass last year's performance in car sales in Europe for the period from January to September of this year.

MITI To Assist PRC in New Economic Agency

OW28100404 Tokyo NIHON KEIZAI SHIMNBUN 19 Oct 92 Morning Edition—FOR OFFICIAL USE ONLY

[Text] The Ministry of International Trade and Industry [MITI] will cooperate with the Chinese Government in establishing a "Chinese-version" of MITI by accepting trainees from China. The Chinese Government, which officially announced at the 14th CPC Congress its decision to convert from a planned economy to a market economy, is groping for a way to activate its industries through more "flexible" relations between the government and industry. The Chinese Government wants to use MITI as a model for its economic agency. Accordingly, China called on MITI for cooperation. MITI has decided to accept the request as a part of its support to China.

A group of trainees will be dispatched by the Economic and Trade Office, which is rapidly becoming an important agency in the wake of the Chinese Government's movement to promote its reform and opening up policy. This office enjoys the confidence of Deng Xiaoping and is led by Deputy Premier Zhu Rongji, who is set to be

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named a permanent member of the Political Bureau. The office was expanded from the Production Office in June this year. The Chinese Government wants to make it an economic agency responsible for wide- ranging matters from production to trade and distribution. It seems the office will become a key player in carrying out the "socialist market economy" announced at the recent party congress.

The group of 10 trainees will be led by Wang Zhongyu, who is the second highest ranking man in the Economic and Trade Office. They are scheduled to stay in Japan from 25 October to 3 November, during which time they will visit the Economic Planning Agency and the Bank of Japan as well as receive training on: 1) MITI's functions and internal management; 2) relations between MITI and other economic agencies; and 3) relations between MITI and industries,

MITI will give them guidance on the technique for mapping out industrial policies to guide industries—by providing preferential treatment in subsidies and taxes. MITI will explain that it is adopting elements of a planned economy in its policies by presenting long-term visions to industries. The translation of "The History of Trade and Industrial Policies" currently undertaken by Japan-China joint efforts will be speeded up in order to help the Chinese better understand issues.

MITI may be "notorious" in Europe and the United States. But to China, which is promoting reform and an opening up policy, MITI may look like a magic wand for industrial success.

MITI To Cooperate With European Research Agencies

OW2710135092 Tokyo NIHON KEIZAI SHIMBUN in Japanese 25 Oct 92 Morning Edition p 3—FOR OFFICIAL USE ONLY

[Text] The Ministry of International Trade and Industry [MITI] has decided to cooperate with European research agencies to carry out a project to develop next-generation metal moulding technology. The technology will make possible the moulding of metals with a very high level of purity, and it is hoped that this will contribute to the making superconductive and semiconductive materials. The MITI hopes that cooperation with European research agencies will encourage technology development efforts by Japan and also that it will work as a way of dealing with the criticism that "Japan gets a free ride on basic technologies developed in Europe and America."

The MITI is also considering cooperating with European manufacturers on the efforts. The project will begin in 1994, and will use in 10 years about 10 billion yen provided in subsidies from the government budget.

The technology planned for joint development with Europe involves "moulding metal through the use of electromagnetism." At present, there are limitations in using furnaces to make very pure metals because the furnace itself starts to melt if temperatures exceed a certain level. The aim of the project is to commercialize the technology, which will enable furnaces to melt metals without coming into contact with them. The metals will float in mid-air through the use of magnetic power.

Research and development [R&D] on this technology is already underway in Europe, but because of problems in the cost of R&D and commercialization, research efforts remain at the basic stage. As far as Europe is concerned, the project means it can solve the financial problems of the research by working together with the Japanese Government and the private-sector. For Japan, it means that the country can utilize high-level basic technology from Europe.

Specific ways of carrying out R&D will be studied and set by a special panel to be under the Metal Materials Research and Development Center of the MITI. Companies like Toshiba Corporation, Ishikawajima-Harima Heavy Industries Company, Nippon Steel Corporation and Mitsubishi Heavy Industries will participate in the studies from Japan. From Europe, the state-run Science Research Center, which is the largest reserach agency in France, and Ahen Engineering College of Germany, are due to participate.

Actual research will be performed by the individually participating companies and research institutes, but the participants will get together from time to time on a routine basis to report on the progress of their work and to exchange views.

MITI Chief Views Computer Industry

OW2910101192 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Oct 92 Morning Edition p 5—FOR OFFICIAL USE ONLY

[Article by Economic News Department reporter Minoji: "MITI—Wall of Overemphasis on Products"; second in a series: "Kasumigaseki at Crossroads"]

[Text] Yoso Hayashi, chief of Electronics Policy Division of the Machinery and Information Industries Bureau in the Ministry of International Trade and Industry [MITI], has been well-known as a "telephone devil" [denwama] in the financial circles. In mid-August this year, he met directly with executives of the Industrial Bank of Japan [IBJ] or repeatedly called them to solicit their financial help for Asuki, saying: "Asuki is a company with technological capability. I hope you will financially help it in one way or another."

Just half a month later, Asuki President Kazuhiko Nishi held a news conference at the Tokyo Stock Exchange on 1 September. Speaking at the news conference, he said that "as a result of the excellent examination of our loan application by the IBJ, other banks have agreed to join the IBJ in extending loans to our company." In this way, the president disclosed that six banks have decided to form a consortium for his company. A senior official at

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the Machinery and Information Industries Bureau said: "If Asuki goes bankrupt, it would shake the entire computer software industry. We have thought of rescuing the company in one way or another."

Manufacturing of Computers Succeeds

The crisis involving Asuki revealed a vulnerable point of the Japanese computer industry. While Japanese manufacturing industry boasts of its powerful competitiveness, the transition to a "post-industrial society" is being delayed. "Unquestionably, Japan lags behind the United States" in the sophisticated service industry which turns out high-value-added picture and communications products, (according to the Trade and Industry Research Institute).

A typical one is the computer software. "Japan is ahead of the United States in manufacturing the hardware (computer machinery), but the United States dominates the production of the software," (according to the Electronics Policy Division of the Machinery and Information Industries Bureau). This has led people to wonder if MITI has neglected to foster Japan's high-tech industry.

The "computer will undoubtedly become ace of Japan's economy." Ever since the "Provisional Electronics Industry Promotion Law" was enacted in 1957, MITI has taken various measures to foster the Japanese electronics industry and the measures include soft loans by the Development Bank of Japan to the industry, the government's investments in the joint research and development project by Japanese computer makers, the government's preferential procurement of home-made computers, and the reorganization of the electronics industry. As a result, the sales of Fujitsu and NEC Corporation have surpassed those of Japan IBM which has focused its sales on Japanese industries and government agencies.

Several major computer makers have poured money into manufacturing computers, and the government's policy to foster the computer industry has certainly made significant contributions to the manufacturing of computers.

The collapse of the bubble economy has drastically changed the situation, however. The "Vision for Electronics Policy in the 1990s" compiled by MITI forecasts annual growth rate of demand for computers at more than 10 percent, but the production of computers by the Japanese computer industry in 1991 grew only 3.1 percent over a year earlier. The production of computers during the first six months of this year dropped as much as 20.2 percent over the same period last year. People in MITI and the computer industry are expressing pessimistic views, saying that "this is not a temporal slump, but the Japanese computer industry is facing a structural wall."

The trend of downsizing is under way. The computer consumption is shifting from large-type computers to small-type work stations and personal computers. The personal computers have turned into household electric appliances. Personal computer makers in Taiwan and Hong Kong have joined the world personal computer market, triggering a fierce price competition with Japanese personal computer makers. IBM, which MITI and the computer industry have tried to overtake, has announced this year plans to lay off 40,000 employees. Now, IBM is trying to catch up with such software companies as Microsoft and Lotus Development which the colossal computer company ignored as small companies in the past.

Shift in Postwar Policy Attempted

It can be said that cynically, the excessive success of the MITI policy to place emphasis on the production of computers has resulted in Japan's weak position in the software area. Japanese computer makers, taking advantage of their semiconductor manufacturing technology, have beaten down IBM-built large-type computers one after another, while basking in their business success. As symbolized in the one-yen bidding episode by Fujitsu, the Japanese computer industry and the government have tended to make light of the software.

After realizing the structural crisis facing the Japanese computer industry, the Industrial Structure Deliberation Council, (an advisory body to the MITI minister), has begun making a full study of measures to promote the software industry by resurrecting the Information Industry Department for the first time in two years at the end of September. This represents a shift in MITI's postwar policy that has persistently focused on taking measures to foster the hardware industry. Japan lags more than 10 years behind the United States in the software area. An outstanding personality, not an organization or a group of major computer makers, can generate new ideas needed to develop the software industry. The conventional industry policy is not which can enable the software industry to come up with best-seller programs.

MITI is unable to foster the service industry. It has two divisions to deal with steel, two divisions to deal with textiles, and two divisions to deal with petrochemicals. MITI has only the Service Industry Division to deal with the service industry which accounts for 30 percent of the GNP because of the delay in reforming its organization, however. From now on, MITI will reform its old organization.

Meanwhile, MITI has boasted of fostering the manufacturing industry, but the industry is still mired by adverse effects resulting from the bubble economy.

Yoshihiro Sakamoto, chief of the Machinery and Information Industries Bureau, said that "although the electronics industry is said to be showing a poor business performance, it is better than the household electric appliance industry and the auto industry." Japanese makers, capitalizing on the bubble economy, have turned out new types of television sets, VTRs, automobiles. Katsuhiro Nakakawa, deputy chief of the

Machinery and Information Industries Bureau, said that "taking a close look at their products, I found they have turned out products with a variety of functions which our generation cannot consume and poured them into markets." Japanese makers are saying pessimistically that in a few years, they will be unable to market hot items like Minolta's "7000" which sparked explosive demands.

Vice Minister Yuji Tanahashi of the MITI has said that "Japan's mainstay industries should be reviewed." With backing of the vice minister, MITI in late September created a "panel on studying future manufacturing of products" and a "panel on life information" to study ways of drawing up blueprints for new household electric appliances. The panel on the study of basic problems, which was inaugurated in early October as an arm of the Industrial Structure Deliberation Council, will study a policy to change the business structure in order for Japanese enterprises to boost their profits without increasing their production amount. According to a senior official at MITI, "MITI will closely check things which have so far been seen as taboo in the course of studying the competitive policy to have good-quality products sold at high prices and will deal first with what it can do." In this way, MITI intends to explore ways of restructuring the manufacturing industry.

Bureaucrat Sectionalism Going Beyond Its Boundary

Now is the time when the competitiveness of products cannot be maintained only from the viewpoint of manufacturing products.

The Trade and Industrial Research Institute has secretly begun making preparations to draw up plans to reduce the annual working hours to 1,800 and achieve a 3.5 percent of economic growth despite a reduction in the labor force. From the viewpoint of manufacturing products, it would be good if the use of robots is increased. If the inefficient service industry is left untouched, the cost of manufacturing products and their distribution would not come down. A senior official of the institute said that the "only way is to shift the labor force from low-prodctivity industries, like the distribution industry, to industries which are expected to grow in the future."

But even when human resources can be put back into manufacturing industries, (as a senior official of the institute admitted), "we will have to be prepared to compete forever with low wage countries, like Taiwan, in the production of commodities. The future is apparently tough.

What is demanded of MITI now is its planning ability and leadership appropriate for the new age.

For instance, (according to MITI's New Picture Production Office), "even when high-definition television sets are produced, if there are no picture software programs ready to put them to use, the community will not come to use the machines." Unless the software industry is nurtured and then combined with the manufacturing industry or unless software concepts are worked out and incorporated into products from the stage of designing, it will be impossible to come up with high value-added products. Issues like those relating to making optic fibres further acceptable to consumers or to cutting usage fees for telecommunication circuits extend over the ministry's borders into turfs of other ministries and offices, going beyond the capacity for simple, one-dimensional industrial policies. It appears that needs of the time have progressed to a state of circumstances which MITI with its present up-to-down command organization cannot cope with.

Practicality of Fast Breeder Reactor Examined

OW2810071492 Tokyo AERA in Japanese 13 Oct 92 pp 30-33—FOR OFFICIAL USE ONLY

[Article by AERA editorial staff members, Hiroshi Hasegawa and Makoto Sugaya: "Can the High Speed Breeder Reactor Be Practical?"]

[Text] The raw material for the atomic bomb which was dropped on Nagasaki was plutonium.

When neutrons collide at high speed with and are absorbed by plutonium-239, nuclear fission of the plutonium occurs. This produces an enormous amount of energy. The atomic bomb utilized this property.

Also as for uranium-235, nuclear fission will occur when it absorbs neutrons. This was utilized for the atomic bomb dropped on Hiroshima. Atomic energy is commonly generated by a method continuously triggers the nuclear fission of a small amount of uranium and, utilizing this energy, turns a steam turbine.

Although uranium-235 is contained in natural uranium, the ratio of its content is only 0.7 percent. The remaining 99.3 percent is uranium-238, the uranium isotope. This uranium-238 is characteristically not fissionable.

It is a world-wide observation today that, unless demand goes down greatly or top grade uranium mines are discovered one after another, uranium-235 as a fuel will be exhausted by the middle of the next century.

Yet, a wonder of the natural world is that uranium-238, which is not fissionable when it absorbs neutrons, does change into plutonium-239 which is fissionable.

Neutrons always appear when nuclear fission occurs.

How then to devise a way to crash neutrons against the useless uranium-238 and artificially create plutonium-239? The apparatus for achieving this is the "high speed breeder reactor."

This idea was conceived in the United States and Europe and spearheaded by the United States. They began making high speed breeder reactors experimentally immediately after the Second World War.

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Japan had a late start. But, with investment from the government and other organizations, the Power Reactor and Nuclear Fuel Development Corporation (Donen) was started in 1967. Donen has completed a prototype high speed breeder reactor, "Monju," at the tip of the Tsuruga Peninsula in Fukui Prefecture. It will insert the fuel rods early next year.

The name, "Monju" comes from Manjusri, the bodhisattva of wisdom and intellect.

One 'Monju' Will Cost Y600 Billion

Donen announced that the ratio of breeding plutonium-239 in "Monju" is "about 1.2 times." This is an increase of 20 percent.

Plutonium-239, when fission occurs, releases an average of fewer than three neutrons per atom. Uranium-235 releases an average 2.43.

One of them is used to trigger a chain reaction of plutonium and uranium fission. The remaining one plus some neutrons are made to collide with the uranium-238 which is loaded into the breeder reactor and turned into plutonium-239.

The original atoms of plutonium and uranium disappear after fission, but, on the other hand, fissionable plutonium-239 is released in one plus some units. The energy created through fission also generates electricity.

The Science and Technology Agency, the Ministry of the International Trade and Industry, and Donen have been loudly advertising this as a "dream nuclear reactor" which creates an energy resource from waste. Y600 billion has been poured into one "Monju" from money collected from utility charges.

Yet, contrary to this, there are not a few specialists who question the practicality of the high speed breeder reactor.

Fissionable Material in the Breeder Reactor Will Diminish, Rather Than Increase

One of them is Professor Yoshio Tsuji, who currently teaches in the Department of Nuclear Reactor Engineering at Kinki University and was previously a staff member at the Atomic Energy Bureau of the Science and Technology Agency.

He believes that "the fissionable material in the reactor has a greater possibility of diminishing rather than breeding. Both the Science and Technology Agency and the Donen are silent on this matter".

He points out the following:

Fission [usually] occurs when plutonium-239 absorbs neutrons. But, sometimes fission does not occur, and [plutonium-239] turns into plutonium-240.

This plutonium-240 is a nonfissionable element. Mr. Tsuji says "it is clear from experience with general purpose nuclear reactors that, when 239 remains inside the reactor for two years or so, about 20 percent of it converts into 240."

For the "Monju", the fuel is divided into fourths, and every six months, one-quarter is replaced. Therefore, each fuel load is kept in the reactor for two years. In this two-year period, nuclear fission occurs for about 10 percent of the plutonium-239. The remaining 90 percent of the fuel and the plutonium-239 which was converted from uranium-238 continue to convert into plutonium-240. Mr. Tsuji feels that it is difficult to compensate for this converted portion when the breeding ratio is "about 1.2 times."

Higher Efficiency Results in Lower Safety

The Science and Technology Agency and Donen naturally know such elemental principles of nuclear reactor physics.

To prevent such a situation, they made utmost efforts to raise the ratio of breeding up to the limit of "1.2 times." Let us look at the "monju" work site.

To raise the breeding power, generating density must be increased. For this reason, the temperature at the center of the fuel is kept as high as 2,100 degrees Celsius. This is 50 percent higher than that for general purpose nuclear reactors. The temperature of the cooling material which conducts that heat to the generating apparatus is also over 500 degrees: this is extremely hot.

This fact alone makes the degree of safety for the "Monju" half or even less of that of general reactors.

To conduct such heat efficiently to the cooling material—liquid sodium—the insulated tube in which the nuclear fuel is contained is made thin, so that the fuel touches a greater area of cooling material.

When the tube is thin, the thickness of the tube wall can also be made thin. The thickness of "Monju's" tube is 0.47 millimeters.

Neutrons also have a characteristic of being absorbed by the covered tube, the nuclear reaction control rod, and the cooling materials. When the neutrons released by nuclear fission are caused not to collide with the target uranium-238, the breeding efficiency ratio decreases. Also, to prevent the absorption of neutrons it is helpful to keep the tube thin.

But the degree of safety is sacrificed in parallel.

To prevent the neutrons from being absorbed by the cooling material, the spacing of the fuel rods is kept to half that for general nuclear reactors, 1.32 millimeters, and the capacity of the passage for the cooling material is reduced. On the other hand, to maintain cooling efficiency, the speed of the flow is raised.

What kind of friction occurs between the sodium which flows into the 1.32-millimeter opening at very high speed and the fuel rod, and what kind of effect does this have on the thin insulated tube?

The sodium is liquid at high temperature, but when it is oxidized, it solidifies. When moisture touches it, it creates an explosive chemical reaction. If a small crack occurs in the fuel rod, for instance, it could lead to a major accident.

What about counter measures to prevent the decrease of the other, the plutonium 239? As for preventing 239 from converting to 240, replacement of fuel has to take place very frequently, and its removal must occur before large scale conversion occurs.

With the "Monju," a quarter of the fuel is replaced every half year, and to do this, the reator is shut down for one month: this is not practical for a power generating reactor.

By sacrificing the degree of safety and scaling down the function of the power generating reactor, the breeding ratio of "1.2 times" is maintained.

In addition to all the above, there is also some question about the post-breeding process.

Fissionable Material Reduced To Less Than Half After a Few Cycles

The spent fuel which is removed from the breeder reactor is sent to the reprocessing plant. There, the plutonium-239 and so on are removed from it. Then it is placed back in the nuclear reactor. Mr. Tsuji estimates that during this stage of reprocessing, from some small percentage to 10+ percent of the 239 is lost.

Mr. Tsuji, who was once the chief engineer at the Nuclear Fuel Department of the Sumitomo Electric Industries, Ltd., and had the experience of leading the production of enriched uranium which was supplied to Donen, knows personally how difficult it is to reduce that loss.

In March of last year, the regular annual meeting of the Japan Atomic Energy Society was held at Kinki University.

[The exchanges went as follows:]

Prof. Tsuji: The breeding ratio (of plutonium-239) is given as 1.2-1.3 times. What is the basis for this?

The presenter of a paper from Donen: This figure is not the outcome of the argument of whether it is technically possible or not. It is simply calculated on the hypothesis of if it were 1.2 times.

Prof. Tsuji: If the figure is arrived at without any technical basis, it is nothing but a game. Even if the figure of 1.2 times is used for the calculation, how much plutonium is actually going to be gained? I think we must discuss this point.

Moderator (a staff member of the Central Institute of Electric Power): That is a difficult issue.... I propose ending the discussion now.

How much fissionable material is lost from one cycle of the entire process including, for example, the breeder reactor and the subsequent reprocessing? According to Mr. Tsuji's estimate, the amount of fissionable material originally placed in the "Monju" will be reduced to less than half after the cycle is repeated several times.

For such a fundamental question, the Science and Technology Agency and Donen did not make public either the basis for the figure "about 1.2 times" of breeder ratio or the actual amount of breeding.

Prof. Tsuji also points out that various high speed neutrons have varying [levels of] energy, so it is difficult to control high speed breeder reactors.

He wonders whether it is possible to suddenly change drastically varying generating power levels according to consumption of electric power. Could it not trigger some uncalculated result along with lowered safety?

A design which can respond to wide fluctuations of power generation will not be achieved even by the test reactor which is scheduled after the "Monju."

Tetsuro Itakura, the director of the Research and Development Division of the Japan Atomic Power Co., which is in charge of the construction of the test reactor, made this point clear when he was interviewed for this article.

* Ozawa Talks About Political Views, Kanemaru

922B0232A Tokyo SEIRON in Japanese Sep 92 p 80-89—FOR OFFICIAL USE ONLY

[Interview with Ichiro Ozawa, Liberal Democratic Party secretary general, by Shinzo Oshima in Tokyo: "His Patron Is Chairman Kanemaru"; date not given]

[Text] [Shinzo Oshima] Sometime ago, Mr. Nakasone mentioned Shigeru Yoshida and Ichiro Kono as two politicians in whose presence he felt a certain pressure. Have you met a politician who, when he passes, makes you experience, so to speak, air pressure?

[Ichiro Ozawa] After all, it was old man [Kakuei] Tanaka most of all who made me feel tense. I entered the political world during Mr. (Eisaku) Sato's long-lasting government, the so-called period of bureaucratic politics. In contrast to him, old man Tanaka was my idol as a party politician. Anyhow he was energetic. As LDP secretary general, he was a fear-inducing presence.

[Oshima] Some call Mr. Ozawa a "mini-Kakuei."

[Ozawa] I have served and am still serving three politicians who represent the latter half of postwar Japanese politics: Not only old man Tanaka, but also Chairman (Shin) Kanemaru, and Mr. (Noboru) Takeshita.

These three differ in characteristics as well as ways of thinking. If you add these three's ages and divide by three, they are, on the average, two decades older than I. There is a difference of a quarter of a century between us. They call me a "mini-Kakuei," but these times are different. The mass media can't imagine the times changing because they themselves don't change. They retain views fashioned after the same pattern.

[Oshima] According to Mr. Susumu Nishibe, Mr. Kakuei Tanaka's political characteristics lay in "adhering too closely to the public and placing too much trust in it." It was, after all, the public that betrayed him.

[Ozawa] There may be such a view. However, old man Tanaka's political characteristic was, after all, foresight. While, as a postwar politician, he remained within a certain framework, within it he could see the future. He was a politician who, to the best of his ability, held flexible ideas and power for action.

[Oshima] Do the personalities of Messrs. Tanaka, Kanemaru, and Takeshita differ completely?

[Ozawa] They are all very different in personality as well as behavior. As postwar politicians, however, they stand completely on a common ground.

[Oshima] What is their common characteristic?

[Ozawa] Analyzing these three elders, it seems that they all add things up and divide the number precisely to obtain an average figure. It may well be that saying of someone that he "adds two things and divides by two" can be interpreted as speaking ill of him, but such a habit is the basis of democracy. Democracy means finding the greatest happiness for the greatest number through some compromise between opposing interests. That is to say, add two things and divide by two.

In the case of old man Tanaka, he could see the outcome pretty quickly and could do the calculation himself. He would throw balls in every direction and observe the balls ricocheting to find where he should thrust.

Chairman Kanemaru grasps a whole situation with a somewhat wider perspective than does Mr. Tanaka and adds two things and divides by two intuitively. Using his own expression, he makes decisions by "animal instinct."

Mr. Takeshita is a singular listener. He can listen, saying "uh-huh, uh- huh" for so long that one becomes amazed by his patience. Anyway, he listens to the opinions of all sorts of people. He answers slowly and slowly shifts the conversation to where he would like it to go.

[Oshima] With Mr. Takeshita, has he reached a conclusion beforehand?

[Ozawa] His intention does exist. However, he never shows what it is. Therefore, it takes time to arrive at a conclusion.

Many say Mr. Takeshita is hard to understand; that it is not easy to see what he is thinking, that his conclusions are unfathomable. Therefore, with him it is occasionally difficult to ask for a clear or urgent decision.

[Oshima] How about this analogy, stretching a point?: Kakuei Tanaka as Nobunaga Oda, Shin Kanemaru as Hideyoshi Toyotomi, and Noboru Takeshita as Ieyasu Tokugawa?

[Ozawa] Well, yes, if you stretch.

[Oshima] During his ascendancy the mass media used to liken Kaku-san to Hideyoshi Toyotomi, but, in reality, he was Nobunaga Oda.

[Ozawa] Nobunaga tried to change the medieval system. Old man Tanaka also tried to change concepts, albeit within the framework of postwar politics,. In this limited sense, he may have been a Nobunaga.

[Oshima] By the way, the Keiseikai succession war smells of blood. The smell of blood also surrounded the first such war. After all, Eisaku Sato, became chief by gobbling up his boss, Shigeru Yoshida. In turn, Eisaku Sato was eaten by Kakuei Tanaka. And Kakuei Tanaka himself ended up in Noboru Takeshita's belly.

[Ozawa] The expression "eat" and "eaten up" does not sound appropriate in describing the present situation. The worst neglect a leader can commit is to fail to foster the next generation. Mr. Sato found old man Tanaka very handy and had him serve as secretary general and finance minister. However, Mr. Sato didn't openly say "your turn next." Old man Tanaka was the same way. Involved as he was in a special situation, litigation, he didn't groom a successor.

At the time we established Soseikai our intent was as follows: "We are not demanding a change of head right now. However, as the faction's aim is to continue from your generation to the next, please do name an heir." He did not like this request, even though we didn't assume a defiant attitude.

[Ozawa] A man of power follows a pattern of not raising up a number two.

[Ozawa] But Chairman Kanemaru is different.

Mr. Shin Kanemaru Alone Gave Approval to Ozawa's Assumption of the Post of Secretary General

[Oshima] In what way is Mr. Kanemaru different?

[Ozawa] If the chairman wanted to become prime minister, he could. Given the political dynamics of Nagatacho, even now he still might be able to. However, he does not wish to be prime minister or LDP president at all.

It was due to Chairman Kanemaru's patronage that I came to appear in the mass media, for example being interviewed right now, despite being the recipient of various criticisms. Chairman Kanemaru alone, among the above mentioned three, promoted me directly.

FOREIGN
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Daily Report

East Asia

FBIS-EAS-92-211
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Daily Report
East Asia

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Conference on Aid to Former Soviet Republics Ends

Statement Issued 29 Oct

OW2910135892 Tokyo KYODO in English 1342 GMT 29 Oct 92

[Text] Tokyo, Oct. 29 KYODO—An international conference on assistance for 12 former Soviet republics ended its first day of talks Thursday issuing a statement warning of acute shortages of medical supplies ahead of the winter season and endorsing the need for "on-the-spot coordination" of humanitarian aid.

The statement, issued in the name of the conference's chairman, Japanese Foreign Minister Michio Watanabe, said increasingly acute shortages of medicine and medical supplies "pose an imminent threat to the general condition of public health" in the former Soviet republics.

It said while grain production appears better than last year, the deterioration of distribution and state procurement systems could negatively affect certain regions of the former Soviet Union, affecting most severely pensioners, disabled persons, students, large families, the unemployed, and other urbanites.

The two-day conference, which yielded over 360 million dollars in pledges Thursday from Japan and the United States, is the third and last in a series following those held in Washington in January and in Lisbon in May. Representatives from some 70 countries and 20 international organizations are participating.

Conference participants agreed that donors and international organizations should directly coordinate on-the-spot aid disbursement in the various republics to ensure it reaches its intended destination, according to the statement.

Watanabe announced Japan would provide the republics with 100 million dollars worth of gratuitous humanitarian aid, which officials said would consist largely of medical supplies.

He said the aid would be concentrated in the Russian Far East region, where Japan is making efforts to sway public opinion in favor of a return of four islands seized by Soviet troops after its World War II surrender.

Russia and Japan have been at loggerheads over the territorial row and the entwined issue of Russian President Boris Yeltsin's abrupt cancellation of a scheduled mid-September visit to Japan, a move denounced by Watanabe earlier this month as "rude."

U.S. Acting Secretary of State Lawrence Eagleburger, who recently lauded Japan for hosting the conference in spite of the territorial tiff, told participants its realization "is evidence of the fact that Japan is increasingly assuming a role commensurate not only with its economic strength but with the burdens and requirements of global leadership."

"It is a fact that we will not be able to achieve a new world fully prosperous and free without such leadership from our Japanese friends," he said.

Friday's final session of the conference is expected to yield plans for new international mechanisms for coordinating assistance to the republics on a country-by-country basis, in contrast with the approach employed so far in the Washington-Lisbon-Tokyo process.

A European source said progress has been made in dealing with Russia's opposition to having a donor group set up on its behalf under the sole auspices of the World Bank, as will be the case with at least nine other republics.

Russian Deputy Premier Aleksandr Shokhin said in his speech Moscow wants a formula allowing shared authority between the World Bank and Russia's newly established foreign aid coordination mechanism, the Agency for International Cooperation and Development.

Russia's opposition apparently stems from its displeasure at being considered in the same manner as a developing country despite its being by far the largest and most powerful former Soviet republic, he said.

The source said a compromise solution is in the making.

Considering Ukraine's rivalry with Russia, it may demand to be accorded similar treatment, though so far it has made no such request, the source said.

Chairman Summarizes Meetings

OW3010115792 Tokyo KYODO in English 1123 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 KYODO—The following is the full text of the chairman's summary issued at the close of the Tokyo conference on assistance to the New Independent States.

Introduction

1. On October 29 and 30, 1992, the government of Japan hosted Tokyo conference on assistance to the New Independent States (NIS). This is the third, and the last, of a series of ministerial-level conferences to coordinate bilateral and multilateral technical and humanitarian assistance to the NIS, following the Washington conference of January and Lisbon conferences of May 1992.

2. Representatives from 70 countries and 19 international organizations as well as the European Community attended the Tokyo conference. The steady growth of the number of participants symbolizes the firm commitment of the international community to assist the efforts of the NIS for socioeconomic as well as political reform. As the Tokyo conference was the first international conference of this kind held in the Asia-Pacific region, the participants welcomed a number of countries from this region that joined this process for the first time.

3. The representatives of the NIS delivered speeches concerning the economic conditions and the present stage of reforms in their respective republics. They appreciated the humanitarian and technical assistance extended to them by the donors involved in the Washington/Lisbon/Tokyo process.

4. The participants appreciated highly the pivotal role being played by the International Monetary Fund and the World Bank in helping the NIS to draw up the overall reform programs to promote transformation of the NIS's socioeconomic structure from one of centrally planned management to market oriented system. The participants expressed concern over the growing gaps among the 12 republics in their ability to adjust to market oriented economic management. Thus, it was stressed that more technical assistance should be extended in this area.

Progress Since the Washington Conference

5. Activities since the Washington conference have been organized by the five working groups on food, medicine, energy, shelter, and technical assistance, and coordinated by a group of co-chairs. The participants appreciated the efforts of co-chairs of the five working groups, namely, Germany, the U.S., Canada, France, Italy, the Netherlands, the United Kingdom, Venezuela, EC Commission, and Japan. Since January of this year, those working groups held a number of meetings, and some of them dispatched missions to assess the situation in the NIS in their respective areas of specialization and presented concrete action plans.

6. The participants were satisfied with the accomplishments of the working groups in coordinating technical and humanitarian assistance to the NIS. In addition, the participants also pointed to the need for on-the-spot coordination of assistance operations, and stressed the need for a long range monitoring of the effects of assistance.

7. The conference invited major donors to support triangular arrangements for their assistance to the New Independent States by procuring supplies and services in the countries of Central and Eastern Europe and other neighboring states.

8. The working groups presented their final reports to the Tokyo conference. These reports reviewed and examined in detail the past activities of each of the working groups. By far the most important part of the reports is the lessons learned from their activities. The participants urged that these lessons should be passed on to a new coordinating mechanism in the firm belief that a more effective and efficient execution of assistance can be achieved by our willingness to learn from the common past.

Humanitarian Assistance

9. The participants discussed the humanitarian requirements of the NIS based on various assessments prepared by the donors as well as the international organizations such as WHO, FAO, IEA, and IFRC [expansion]. In this respect, a special tribute has been paid to the unique initiative taken by the U.S. Government and supported by a number of donors such as Japan, Germany, and the EC Commission to send several joint survey missions to various parts of the NIS to evaluate the food situation for the coming winter. These assessments contributed to developing an objective understanding of the grain production in the NIS, and of the kinds of difficulties particular to the NIS at this stage of socioeconomic transformation.

10. Chairman's statement on humanitarian assistance, which is attached as annex to this summary, was issued at the end of the first day's session on this subject. This statement elaborated common understanding among the participants, and identified some of the remaining issues that must be addressed in the future.

11. Foremost of all the remaining issues is the question of future coordination of humanitarian assistance after the dissolution of the four humanitarian assistance-related working groups, and the launching of new country consultative groups involving the World Bank. It was agreed that future humanitarian emergency assistance should be coordinated on an ad hoc basis by interested donors and relevant international organizations.

12. The participants emphasized the growing importance of establishing closer linkage between humanitarian and technical assistance, because this will, in the short run, lead to the reduction of cost of operations, but more importantly contribute, in the long run, to the elimination of the causes of humanitarian requirements in the NIS.

Technical Assistance

13. The technical assistance working group, which, too, was dissolved in Tokyo, had been co-chaired by the EC Commission, the United States, and Japan. This working group was established as one of the five working groups to support political and economic reforms, and to assist human resource development in the NIS which serves as an indispensable foundation for any meaningful reforms to continue on a sustainable basis.

14. The participants agreed that the action plan for technical assistance issued in Washington and updated in Lisbon proved to be an important and useful guideline to identify priorities of technical assistance requirements in the NIS. It was further pointed out that a more systematic approach both in the identification of requirements and implementation of programs would contribute to the improvement of the quality of assistance by the donors. In this respect, a better understanding of the existing institutional as well as managerial framework and the identification of structural problems of those systems on the part of the recipient side would serve this end.

15. It was agreed that the computerized network known as the OECD/IEA CCEET Register contributed to the establishment of a database of information on technical assistance. The participants welcomed the positive initiative taken by the OECD to improve this database by establishing closer links with other institutions and to facilitate its use by the donors.

16. The participants pointed out the deteriorating ecological situation in the NIS and its possible global implications. They stressed the vital importance of technical assistance to address this issue. In this respect, programs currently underway by the bilateral as well as multilateral donors must be coordinated fully so as to make best use of the limited available resources in this area.

New Assistance Coordination Mechanism

17. The participants welcomed the statement made by the World Bank that nine republics had officially requested the establishment of the World Bank-led consultative groups. The bank announced that full-fledged CGs [consultative groups] for Kazakhstan and Kyrgyzstan will be launched on December 14 and 15 in Paris as a concrete follow-up of the Munich summit declaration. The participants were encouraged by the decision made by the bank to launch pre-consultative groups focussing primarily on technical assistance for economic reforms to Uzbekistan and Azerbaijan on December 16. The bank further reported that, at this moment, the establishment of CGs or pre-CGs for the remaining NIS depends on the degree of structural reforms undertaken by the respective countries. But, in general, they are expected to be convened by the bank sometime in the first half of 1993.

18. The participants welcomed the announcement by Russia that it would request the World Bank to convene, with participation of major donors, a consultative group on technical assistance and other matters in support of structural reform, and that Russia is ready to provide, through its Agency for International Cooperation and Development, secretariat services for the group's activities.

19. There was a reference to the need for establishing association between specialized multilateral institutions such as OECD/IEA, EBRD, ADB, and UNDP and the newly created World Bank-led coordinating mechanism because these institutions can make invaluable contributions in their respective areas of specialization in an effort to foster transformation of the NIS economies.

Agreement To Set Up New Groups

OW3010112992 Tokyo KYODO in English 1051 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 KYODO—A two-day international conference on assistance to 12 former Soviet republics ended in Tokyo on Friday with 200 million dollars in new pledges and an agreement to set up new groups to consider long-term aid to help economic reforms.

The conference, which drew senior representatives from some 70 countries and 20 international organizations, was the third and last of its kind, following gatherings in Washington in January and Lisbon in May.

Japanese Foreign Minister Michio Watanabe, who chaired the meeting, told reporters at a joint press conference that the record participation reflects a global consensus on the importance of assisting the reform process in the former Soviet Union.

Acting U.S. Secretary of State Lawrence Eagleburger pronounced the gathering "highly successful" as short-term emergency needs were identified, substantial resources mobilized, new support groups set up, and technical assistance acknowledged as the best means to consolidate self-sustaining reforms.

Watanabe announced the launching of four new World Bank-led consultative groups and preconsultative groups, which will help in coordinating long-term assistance on a country-by-country basis, tailoring international cooperation to the needs of each republic.

Watanabe said the conference worked out a compromise for Russia, which rejected the methods originally proposed as tantamount to treating Russia as a developing country. The compromise formula has the World Bank sharing organization responsibility with Russia's Agency for International Cooperation and Development.

A chairman's statement issued Friday said Russia announced at the conference it will ask the World Bank to convene, rather than preside over, a consultative group on "technical assistance and other matters in support of structural reform."

Japanese sources said the wording of the statement should be taken to mean Russia's consultative group would not deal initially with large-scale financial aid.

The statement said that in the cases of Kazakhstan and Kyrgyzstan, which are ahead of the other republics in implementing reforms, "full-fledged consultative groups" would be launched in Paris on December 14 and 15.

Diplomatic sources interpreted that to mean financial aid will be considered by donor countries in addition to technical assistance.

The statement said the so-called preconsultative groups, which will deal primarily with technical assistance, will be launched for Uzbekistan and Azerbaijan on December 16.

It said consultative or preconsultative groups are expected to be established sometime in the first half of 1993 for the remaining republics that have asked to be included in the process—Belarus, Armenia, Georgia, Moldova and Tajikistan.

Japanese sources said Ukraine is likely to ask the World Bank later to set up an aid group on its behalf, while the remaining ex- Soviet republic, Turkmenistan, is not far enough along in its reforms to qualify for one.

On Thursday, at the start of the conference, Watanabe announced a new Japanese pledge of 100 million dollars in grant assistance.

He said the lion's share of donated goods would be channeled to Russia's Far East region, where Japan is trying to sway public opinion in its bid to have Russia return four islands seized by Soviet troops at the end of World War II.

Eagleburger followed up with a U.S. pledge of 412 million dollars in what he called "new money," but an aide said later that only 100 million dollars of that really constituted a new commitment.

Eagleburger told reporters the 100 million dollars will go toward providing food grains for Armenia, Belarus, Georgia, Moldova, Kyrgyzstan and Turkmenistan.

U.S. officials said the new amount brings the total U.S. assistance pledged to the 12 ex-Soviet republics for fiscal 1991- 1993 to 9.3 billion dollars, about 65 percent of which has already been committed.

Watanabe indicated that Japan's future humanitarian aid to the republics would use a formula called monetarization to maximize its effect. The formula is already used by the United States and the European Community (EC).

Under the formula, which is based on market-oriented principles, donated goods are passed to designated recipient agencies in the various republics for sale to consumers at market prices instead of just being given away. Resulting revenues would be used locally for other assistance purposes.

The chairman's statement said conference participants agreed on the need for on-the-spot coordination of aid operations to ensure that goods reach their intended recipients. It said they also called for long-range monitoring of the effects of assistance.

On Thursday, Watanabe urged including the five Central Asian republics of the former Soviet Union in the Development Assistance Committee (DAC) list of the Paris-based Organization for Economic Cooperation and Development (OECD).

Doing so would make them become eligible for full-scale financial and technical resources under Japan's Official Development Assistance (ODA) program.

Eagleburger on Tokyo-U.S., Sino-U.S. Ties

OW2910045192 Tokyo KYODO in English 0432 GMT 29 Oct 92

[Text] Tokyo, Oct. 29 KYODO—Acting Secretary of State Lawrence Eagleburger told Prime Minister Kiichi Miyazawa on Thursday that relations between China and the United States would become more difficult if Democratic presidential candidate Bill Clinton won next week's election.

Eagleburger, in Tokyo to attend an international conference on aid for 12 republics of the former Soviet Union, made the remark in a half-hour meeting at Miyazawa's official residence, a Foreign Ministry official said.

Eagleburger also said that Japan-U.S. relations will be "absolutely critical" over the next 10 to 20 years, the official said.

Tripartite cooperation among Japan, the U.S., and the European community will be essential in overcoming a dangerous period of global instability likely to prevail into the next century, Eagleburger was quoted saying.

Miyazawa replied that a continued American presence in Asia is absolutely necessary for maintaining stability in the Asia-Pacific region, the official said.

Eagleburger also praised Japan's leadership in trying to establish a lasting peace in Cambodia, the official said.

Japan

U.S. Said Unopposed to Tokyo Aid to Hanoi

OW3010145992 Tokyo KYODO in English 1304 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 KYODO—U.S. Acting Secretary of State Lawrence Eagleburger said here Friday the United States is not averse to Japan's resuming full-scale economic assistance to Vietnam.

Eagleburger told reporters he met earlier in the day with Japan's Vice Foreign Minister Hisashi Owada and discussed Tokyo's reported plan to resume aid to Hanoi.

"We will not be affected by what the Japanese Government may decide," Eagleburger said, apparently indicating an end to years of U.S. pressure on Japan to continue withholding aid over the issue of American soldiers missing-in-action in Indochina since the end of the Vietnam war.

"I did not ask him what Japan's plans were, he did not tell me what they were," he said.

Eagleburger, who was speaking to reporters after a Tokyo conference on aid to the former Soviet republics, praised Japan for being "very supportive" of U.S. concerns on the matter in the past.

His remarks followed reports from Washington that Japan has informed the U.S. it will resume aid to Vietnam shortly after the November 3 U.S. presidential and congressional elections.

Japanese Foreign Ministry officials confirmed that negotiations with Hanoi on its loan arrears, which are another factor involved in unfreezing aid suspended since Vietnam's December 1978 invasion of Cambodia, have almost been completed.

They said all that remains is for the two countries to sign an agreement settling the arrears issue, after which all legal obstacles to resuming aid will be cleared.

The U.S. is reportedly moving rapidly toward a lifting of its own embargo on Vietnam and normalizing ties, since Vietnam has recently made greater efforts to help account for the fate of 2,265 missing U.S. servicemen.

U.S. Firms Involved in Joint Chip Development

OW3010104692 Tokyo KYODO in English 0954 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 KYODO—Toyota Motor Corp. said Friday it and its eight Japanese electronic components suppliers have agreed to develop semiconductor items with seven U.S. chipmakers for use by Toyota in joint projects according to the "design-in" formula.

In so-called design-in projects, manufacturers of complex parts and components are involved in the design process from the beginning.

The partners plan to develop a total of 22 semiconductor items, including input and output buffers, analog-digital converters for engine control, 8-bit computers for four-wheel drive control and diodes for air conditioners, Toyota said in a statement.

Design-in projects, worth about 35 million dollars, will account for about 40 percent of Toyota's planned purchase of foreign semiconductors in fiscal 1994, Toyota said.

It said the purchase of foreign chips by itself and its electronic components suppliers amounted to 31 million dollars in fiscal 1991, and the amount will more than triple to about 95 million dollars in fiscal 1994.

Suzuki To Stop Domestic Sales of GM Cars

OW3010091692 Tokyo KYODO in English 0849 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 KYODO—Japan's Suzuki Motor Corp. announced Friday it will terminate its contract with General Motors Corp. of the United States to sell GM cars in Japan when the contract expires on November 8.

Suzuki officials said the contract will be terminated because GM wishes to sell its cars in Japan exclusively through Yanase and Co., Japan's top imported car dealer, to coordinate sales operations.

Suzuki will offer after-sale service for GM cars it has sold in Japan, the officials said.

Suzuki, which has sold 909 GM cars in Japan since April 1988, now sells GM's Pontiac Grand Am and Grand Prix cars under the contract.

The officials stressed Suzuki will continue supplying small cars to GM and maintain its partnership with GM in joint-venture car production in Canada under a 1981 business tie-up between the two companies.

Foreign Minister Meets With Russia's Shokhin

OW3010121292 Tokyo KYODO in English 1138 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 KYODO—Foreign Minister Michio Watanabe told Russia's Deputy Premier Aleksandr Shokhin on Friday that Russia must prove its commitment to honor treaties and contracts if trust is to be established between the two countries.

Watanabe made the remark in talks with Shokhin after the conclusion of a two-day international conference in Tokyo on humanitarian and technical assistance for the 12 republics of the former Soviet Union, officials said.

Watanabe was quoted as saying Russian President Boris Yeltsin's abrupt postponement last month of a scheduled visit to Japan was "regrettable" and "did not leave the Japanese people with a good feeling."

Officials said he noted Yeltsin had told Prime Minister Miyazawa at the time that the postponement was not on account of Japan but afterward Japan was blamed for it.

Despite that situation, he said, Japan went ahead with implementation of pledges to Russia of 100 million dollars of emergency commercial credits and 700 million dollars in trade insurance, and then pledged a fresh 100 million dollars in humanitarian aid at the conference Thursday, much of it targeted at Russia.

Watanabe told Shokhin that the lack of trust in bilateral relations is the main reason trade has not increased.

He urged Russia to be more diligent in honoring its business contracts and international treaties, the officials said.

Watanabe told Shokhin Japanese businesses are reluctant to do business with Russia in the absence of government-to-government trust.

The foreign minister was alluding to Russia's continued occupation of four islands which the former Soviet Union seized from Japan at the end of World War II.

In the 1956 Japan-Soviet joint declaration, Moscow promised to return two of the four islands to Japan. But Moscow disavowed the pledge four years later.

Earlier Friday, Watanabe said in a joint press appearance alongside U.S. Acting Secretary of State Lawrence Eagleburger and European Community representatives that while Yeltsin's postponement "shocked" the Japanese public, the two countries should nevertheless get on with the process of improving ties.

Noting that Yeltsin's visit was never actually canceled, Watanabe said, "we will continue to talk about how to make it a success."

"Just as we have done in the past, we will try and create an environment in which the Russian president's visit to Japan could be well understood and appreciated by everybody," he said.

Watanabe Promises To Open Embassy in Ukraine

AU3010134092 Kiev Radio Ukraine World Service in Ukrainian 1100 GMT 30 Oct 92

[Text] Japan will open its embassy in Ukraine. This was announced by Michio Watanabe, Japan's minister of foreign affairs, at a meeting with a representative of our state. The meeting was held within the framework of the international conference dealing with assistance to the new independent countries that is under way in Tokyo.

Watanabe Meets With ROK Counterpart Yi Sang-ok

OW3010110992 Tokyo KYODO in English 1045 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 KYODO—South Korean Foreign Minister Yi Sang-ok told his Japanese counterpart Michio Watanabe on Friday he hopes President No Tae-u's planned visit to Japan in November will help further improve and develop bilateral relations.

In a 30-minute meeting, Yi told Watanabe he hopes No and Japanese Prime Minister Kiichi Miyazawa will hold frank and casual talks in Kyoto, Foreign Ministry officials said.

The Foreign Ministry announced earlier in the day that No will pay a one-day visit to Japan on November 8 to hold informal talks with Miyazawa in the ancient capital of Kyoto.

The casual talks, which are to take place without the fanfare and ceremony that usually accompany top-level meetings, were proposed by No when Miyazawa visited Seoul in January.

East Asian issues such as the situation in the Korean peninsula, the recent normalization of relations between South Korea and China, and Japanese and South Korean respective ties with the United States and Russia are likely to be discussed by the two leaders, officials said.

Welcoming the establishment of Seoul-Beijing official ties as "timely," Watanabe also reported on his recent visit to China accompanying Emperor Akihito and said the trip had a positive effect on Sino-Japanese ties.

Yi told Watanabe that close ties between Tokyo and Beijing and between Tokyo and Seoul are important in bringing stability and peace in Asia.

Yi, who touched on North Korea's suspected nuclear development program, was quoted as saying that if no progress is made on the matter, Seoul may have to resume Team Spirit joint military training with the United States.

But the South Korean Foreign Minister told Watanabe that Seoul will continue to make efforts to carry out inter-Korean dialogue "with patience."

Yi and Watanabe agreed that Japan and South Korea should both continue to make efforts to solve the problems involving so-called Asian "comfort women"—women forced to provide sex to Japanese soldiers during World War II, they said.

Plutonium Ship Enters French Port of Brest

OW3010011692 Tokyo KYODO in English 0019 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 KYODO—A Japanese ship which will carry a cargo of plutonium from France to Japan has entered the port of Brest in western France, an environmentalist group in Tokyo said Friday.

The group, which opposes the shipment, said it had received a report from France saying the 3,800-ton Akatsuki Maru sailed into Brest at 11:30 P.M. Thursday.

French Government officials said earlier that the ship will take on provisions at Brest and then go to Cherbourg in northwest France, where it will load the plutonium.

Earlier Thursday, the French Government formally approved Tokyo's plan to transport plutonium from France for use in Japan's fast-breeder nuclear energy program. The material was taken to France for reprocessing after being recovered from spent fuel from Japanese power plants.

The ship will transport about 1.3 tons of plutonium, which France's state-run nuclear fuel company Cogema has already packed in 133 casks at Cherbourg, 250 kilometers from Brest.

Japan intends to ship about 30 tons of plutonium from Europe over the next 20 years after it has been reprocessed in Britain and France from spent nuclear fuel from Japanese plants.

The plan has sparked apprehension in a number of countries and among international environmentalist groups about the possibility of an accident at sea involving the extremely toxic substance. Plutonium is also a key ingredient for making nuclear weapons.

The Akatsuki Maru will not make any port calls on its way home, and is expected to arrive in Japan with its plutonium cargo by the end of the year.

Citing security reasons, the Japanese and French Governments have been tight-lipped about what route the ship will take. It left Japan on August 24.

Extraordinary Diet Session Convened for 40 Days

OW3010074292 Tokyo KYODO in English 0730 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 KYODO—The Diet convened in an extraordinary session Friday to discuss a supplementary budget, political reforms, and a major money scandal that forced a governing party kingpin to resign from parliament in disgrace.

The major focus of attention in the session is expected to be the issue of summoning Shin Kanemaru, a former vice president of the ruling Liberal Democratic Party (LDP), and former Prime Minister Noboru Takeshita to testify before the Diet on the Tokyo Sagawa Kyubin scandal.

The term of the Diet session was set at 40 days by a plenary session of the powerful House of Representatives, dominated by the LDP. The opposition-controlled House of Councillors voted for a session of 50 days. It is the first time in Japan's parliamentary history for the two chambers to vote for different session terms. The Diet Law stipulates that in such a case, the vote of the lower house becomes the decision of the Diet.

Leaders of the parties will take the floor to question Prime Minister Kiichi Miyazawa and other cabinet ministers at plenary sessions of both houses for three days starting next Wednesday.

The supplementary budget calls for an additional 2.99 trillion yen in spending on public works projects and investment to stimulate the sluggish economy.

The LDP and most of the opposition parties have agreed on a package of emergency political reforms, including requirements on the disclosure of the assets of parliamentarians and confiscation of illicit donations.

A bill to reallocate seats of the lower house will also be submitted to the Diet as part of this package.

The plan would add nine lower house seats for constituencies with relatively high populations and eliminate 10 seats in less-populated constituencies.

This would reduce the maximum vote imbalance to 2.27 to 1 from the present 3.34 to 1, whereby a vote in a rural area is worth more than three in an urban area.

The Supreme Court has ruled that a disparity in the value of votes exceeding three to one is unconstitutional. Miyazawa has vowed to draw up a comprehensive political reform program aimed at reducing the cost of campaigning and redressing the vote disparity by November.

Concerning the Sagawa Kyubin scandal, the opposition camp has demanded that Kanemaru and Takeshita testify as sworn witnesses before the Diet.

Kanemaru resigned from the lower house October 14 after receiving a summary indictment for violating the Political Funds Control Law by accepting 500 million yen in illicit political donations from the now-defunct parcel delivery firm Tokyo Sagawa Kyubin Co.

The fallen kingpin reportedly distributed the money to some 60 members of the LDP's Takeshita faction, which he headed at the time.

Kanemaru also reportedly gained the help of the late Susumu Ishii, boss of Japan's second-largest crime syndicate Inagawa-kai, to stop harassment by a right-wing group of Takeshita in 1987 when he was vying for the LDP presidency, which carries with it the prime ministership.

'Full Text' of Miyazawa 30 Oct Policy Speech

OW3010061792 Tokyo KYODO in English 0605 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 KYODO—The following is the full text of Prime Minister Kiichi Miyazawa's policy speech Friday, as provided by the Foreign Press Center.

Policy Speech by Prime Minister Kiichi Miyazawa to the 125th Session of the National Diet (October 30, 1992)

At the start of this 125th session of National Diet, I would like to state my views and to seek the understanding and support of the people on some of the issues facing us.

I am most pleased to be able to report that their majesties the emperor and empress went to China on October 23 and returned home on October 28. It is highly significant that the emperor visited China for the first time in the long history of relations between Japan and China on the 20th anniversary of the normalization of relations between Japan and China, itself an important time symbolic of our friendly bilateral relations. The warm welcome that Their Majesties received and the graciousness with which they responded to this welcome were truly impressive displays of the heartfelt rapport between our two peoples. It is such friendship and goodwill between our peoples that will surely lay the foundation for the future development of relations between Japan and China.

Following their majesties' China visit, I intend to work to further strengthen and develop the friendly relations that have been cultivated between our two countries.

Implementing Political Reform

We are at a crossroads such as occurs only once every few centuries, and Japan and the rest of the world are being pressed to make unprecedented changes. Never before have expectations of politics been so high.

I am thus disappointed in the extreme that such questions as the issue of money in politics as seen in the so-called Tokyo Sagawa Kyubin scandal and the issue of how politicians should comport themselves should have erupted to spark public distrust of politics at this time. Sharply aware that the current public distrust of politics is much more severe than any we have seen before, I would like to express my humble apologies to the people, both as an individual politician and as one entrusted with reins of national government.

Public trust of politics is fundamental to parliamentary democracy. It would be a great tragedy for the future of Japan if we were to fail to dispel the public's doubts and to restore their faith in politics here and now.

The first key point in regaining the public's trust is for each and every person involved in politics to honestly recognize this public distrust and dissatisfaction, to reaffirm our principles, and to go about his or her everyday political activities with self-control and self-restraint. There have been accusations in this recent incident that political figures were involved with organized crime, and it goes without saying that political figures should not consort with people of that ilk.

Second, it is imperative that we never forget the democratic tenet of government's existing for the good of the people and that we constantly conduct ourselves such that there is never the least hint of suspicion that we are acting only in the interests of our parties or factions.

Third, if we are to keep situations such as the present one from recurring, it is essential that we thoroughly review our political system, including the political structure. I am unalterably resolved to work for far-reaching political reform to eliminate the root causes that have bred today's distrust of politics, including ensuring greater transparency of political funding and facilitating elections contested over policy issues and political activity that does not require vast sums of money.

The parties are now holding intense discussions in the Council on Political Reform on specific policy means to achieve political reform. To date, broad agreement has been reached between the government party and most opposition parties on a range of urgent reforms including the reapportionment of House of Representatives seats as well as strengthening the functioning of the deliberative Council on Political Ethics, fuller disclosure for the assets of all Diet members and political action groups, and confiscation of illegal contributions. Seeking to effect reforms at the earliest possible date, I sincerely hope that these urgent reform measures will be enacted by this session of the Diet as soon as possible as a first step. At the same time, I know that drastic political reform will be needed to respond to popular expectations. Thus I hope that the government and opposition parties will continue their deliberations on far-reaching reforms, including the questions of the elections system and political funding, and that we will be able to achieve popularly acceptable political reform as soon as possible. This administration also intends to make every effort to this end.

This process of political reform is bound to be painful for politicians, but I believe it will be impossible to govern the country with the popular trust and a popular mandate unless we are able to transcend that pain. Thus it is that I am asking for the continuing understanding and cooperation of all parties in this effort.

Promoting the Package of Economic Measures

If we are to lay socio-economic foundations able to respond flexibly to the changing times, it is imperative that we ensure the Japanese economy continues to develop soundly. Yet the economy is today in a prolonged slump and facing dire straits, with asset values falling. Accordingly, the administration has put together a package of economic measures totaling an unprecedented 10.7 trillion yen to ensure that this economic slump does not have further adverse effects on the economy.

As well as measures to stimulate domestic demand such as by expanding public investment, including the advance procurement of land for public works projects and the promotion of projects carried out solely with local funds, and to facilitate private-sector capital investment and support labor-saving and rationalization investment at small and medium-sized businesses, this package also includes employment considerations and measures to facilitate imports. In addition and premised upon thorough-going efforts for rationalization by the financial and securities sectors, the package also includes vigorous efforts to be made to assure stability in the financial system and the invigoration of the securities market so as to rectify the problems engendered by the collapse of the so-called bubble economy and to consolidate the economic recovery.

Japanese history has been marked by a number of severe economic trials, and each time the people have managed to overcome their difficulties and to create an even-stronger economic structure. Yet there is still much social overhead capital that needs to be improved and much more that needs to be done to create a better quality of life; and the world is also looking to Japan to contribute responsibly to the international community. I believe that the Japanese economy has the potential to respond to these imperatives. I am confident that steadfastly undertaking the recent package of economic measures while avoiding a return to the bubble economy will stimulate the private sector and enable Japan to make a smooth transition to non-inflationary and sustained growth powered by domestic demand. Just as the Munich Summit this July noted that the coordination of economic and financial policies is a central element in our common strategy for stronger sustained world economic growth, this package of economic measures is also responsive to these international expectations and has been welcomed by the rest of the world.

While we have already begun to move ahead on the expansion of public works investments, the enhancement of financing by governmental financing institutions, and the other measures included in this package that could be readily implemented, a supplementary budget has been submitted to this session of the National Diet to ensure the steady implementation of this package as well as to enable us to fully respect the recommendations of the national personnel authority and more. I very much hope this supplementary budget will be passed as soon as possible.

Steadfast Progress on Improving the Quality of Japanese Life

With the untiring efforts of the people, postwar Japan has developed into one of the world's leading economic powers. Nonetheless, there are still a number of areas where Japan lags behind the other industrial countries, including working hours, housing, and the state of social overhead capital, and the quality of Japanese life is not necessarily commensurate with our capabilities. Seeking to change our thinking on economic growth and on how the benefits of this growth should be utilized, it is imperative that not only government but also corporate and individual attitudes and behavior shift to focus on the consumer. Thus it is that I have made improving the quality of Japanese life one of the priority issues for my cabinet ever since I took office as prime minister. Recently, I have been made even more aware of the importance of achieving better quality of life as I visited housing complexes, welfare facilities, educational and cultural institutions, rural villages, and other communities and heard for myself the people's hopes for more-fulfilling and better-quality lives and their desire to be free of anxiety in their old age.

Of course, better quality of life cannot be achieved overnight, and this will require a long-term effort. Realizing that the Japanese demographics are shifting rapidly toward an older population and the labor force is not expected to grow as quickly in the future, whether or not we can achieve a better quality of life depends upon how much we are able to do now while the economy is still rich in potential. Realizing this, the five-year economic plan "Sharing a Better Quality of Life Around the Globe" was recently drawn up providing long-term guidelines for our policy management. As well as setting specific targets from the consumer and user's perspective and enabling the people to see for themselves how much progress has been made, this plan calls upon the government to band together in achieving its targets. Looking ahead to the 21st century, the plan calls for reducing the total number of hours worked to 1,800 per year, making it possible to purchase quality housing in the metropolitan areas for approximately five times the average wage-earner household's annual income, raising the sewerage diffusion rate to about 70 percent, establishing a day service center in every junior-high-school district or so, and more. This plan pays every heed to the need to improve the social overhead capital for enhancing our daily lives, to promote housing construction, and other aspects, and we intend to continue to work steadily to improve the quality of Japanese life.

In striving to improve the quality of Japanese life, of course, we must not forget to ensure that these efforts are compatible with the global community. With concern over global environmental issues on the increase, it is essential that we create sustainable socio-economic structures compatible with the environment. It is thus essential that the national and local governments, business, and each and every person work to resolve environmental problems across the spectrum. This administration intends to look at what it can do to orient and promote such efforts, including such improvements to the legal framework as drafting a basic law for the environment.

Likewise, it is impossible to achieve better quality life in the absence of public safety. While some progress is being made on protecting ordinary citizens from organized crime involvement in civil cases, organized crime remains a major threat to ordinary citizens. In addition, there are also a number of other anxiety-generating factors in everyday life, including the spread of pistols among the citizenry, violence as seen in extremist terrorism and guerrilla attacks, and the sharp increase in the number of traffic accidents. I intend to do everything possible to ensure that the people can live their lives in safety.

Achieving a better quality of life also demands sound government finances and that the government make a concerted effort to develop and promote compatible policies. Yet Japanese Government finances are today facing difficult times, burdened as they are with massive public debt outstanding and with tax revenues down sharply. Thus I will also continue to work to reform fiscal situation, including thoroughly reviewing our various institutions and expenditures, in line with the principles of not again issuing deficit-financing government bonds and of seeking to create a fiscal structure in which the level of debt outstanding does not increase. Likewise, in seeking to realize the goal of administrative reform for a streamlined and effective administrative structure, I will respect the reports of the provisional council for the promotion of administrative reform and other recommendations to the utmost and work vigorously to promote deregulation, decentralization, and other reforms. In addition and as well as conducting a wide-ranging review of the role of government, I also hope to eliminate the ill-effects of our vertically fragmented bureaucracy and to create an administrative structure that is truly responsive to popular needs and that expedites comprehensive policy deployment.

Responding Actively for a New International Order for Peace

With the break up of the Soviet Union and the end of an era characterized by the great-power rivalry under cold war strictures, the global structure is now under-going massive reshaping.

The thrust of history is surely flowing in the direction of peace, but the world is still seeking to identify the new order and, as seen in the worsening of ethnic, religious, and other conflicts, is suffering what might be called the pangs of the new international order aborning. If we are to create a new order of peace and to avoid being again plagued by the turbulence of chaos, it is imperative that all countries forge even more cooperative relations for the shared values of peace, freedom, and prosperity. I firmly believe that now more than ever post Japan, having adhered steadfastly to the principles of peace and having centered its diplomatic efforts on the United Nations, should play a role commensurate with its capabilities for the forging of an international order of peace. The international peace-keeping cooperation law passed by the last session of the Diet is one important step demonstrating this Japanese response to the whole world. Japan has already provided cooperation for supervising elections in Angola in September, and international peace cooperation corps personnel are even now hard at work under the United Nations flag in Cambodia monitoring the ceasefire, supervising police officers, and repairing roads, bridges, and other infrastructure facilities to expedite that country's recovery. These activities by Japanese personnel are being warmly welcomed by the local citizenry, and there are great expectations fo- what they are doing. Seeing how well this is going has renewed by awareness of how important it is that Japan make a positive effort to contribute to international efforts for creating an international order of peace, not only financially but also in personnel terms and with technical cooperation drawing upon Japan's store of technology, knowhow, and other intangible resources.

At the same time, it is necessary for the United Nations to reshape itself in response to the changes in the international situation so as to ensure world peace. I intend to strive, in close cooperation with other countries, to strengthen the functions of the United Nations, including enhanced trust and effectiveness for the Security Council, which is at the center of the United Nations role in maintaining world peace and security.

It is exceedingly important to ensuring future world peace and consolidating global prosperity that we make a vigorous effort to deal with global environmental issues, refugee issues, population pressures, AIDS, drugs, and other problems for which the whole world is devoutly seeking solutions as well as that we support economic independence for those developing countries now plagued by poverty and starvation. Now the world's largest aid-donor, Japan is expected to take the initiative in dealing with these difficult issues. As well as moving to create international frameworks for resolving these issues, I intend to enhance Japanese assistance and to work for the more effective, more efficient disbursement of Japanese development assistance taking full account of the recipient country's record in environmental protection, military spending trends, and other areas in line with Japan's official development assistance charter adopted recently so as to make it very clear to all what Japan's basic assistance policies are.

The GATT Uruguay Round is now in its final stage, and it is essential that we bring these negotiations to an early and successful conclusion to maintain and strengthen the free-trading system and to consolidate economic prosperity for all the world in the 21st century. Japan is resolved to continue to work, together with the other leading countries, to bring these negotiations to a successful conclusion. While agriculture is an area in which all countries face difficult problems, I intend to make the utmost efforts for a solution based upon mutual cooperation under our basic policy.

With the collapse of the East-West conflict structure, the Asia-Pacific region is more important in the international community. This region's economic dynamism is an important locomotive force for the expansion of the world economy looking ahead to the 21st century, and it is no exaggeration to say that the region's stable development is crucial to future world peace. This is something that I stressed at the Munich Summit and that was, as a result, featured prominently in the political declaration. When it is realized that this region's dynamism was born of close interdependence premised upon diversity, it is clear how very important it is that the countries of this region promote further dialogue and cooperation intra-regionally and that they forge cooperative relations open to extra-regional partners as well.

As Japan moves to take part in the buildings of a new international order for peace, it is important that we develop new foreign policy initiatives consistent with our basic position as an Asian nation, and this in turn means that we must work to build closer relations not only with our immediate neighbors but with the rest of the countries of the Asia-Pacific region as well. While over half of Japanese development assistance goes to this region, we should not limit ourselves to financial assistance but should actively expand to promoting consultations and political dialogue to resolve the region's various disputes and conflicts. As I have said before, I am deeply remorseful about our past history and intend to make a determined effort to identify what else Japan should do for peace and prosperity in the Asia-Pacific region.

With the many dizzying changes taking place in the international climate, an American presence will continue to be crucial to peace and prosperity in the Asia-Pacific region. At the same time, the close cooperative relations with the United States as seen in the Japan-U.S. security arrangements are a crucial prerequisite to Japan's playing an active role in this region.

Relations with the United States are the cornerstone of Japanese foreign policy, and I believe that Japan and the United States should cooperate in undertaking their shared global responsibilities for the creation of a new international order of peace based upon their shared values.

Moving for integration, Europe is bound to be increasingly important in the post-cold war international community. Sharing as we do the same basic values and in keeping with the spirit of the Japan-EC joint declaration issued last year, Japan sees the EC as an important partner in the building of new international order and intends to strive for the further strengthening of relations with the EC not only in trade and industrial cooperation but also in political, cultural, and other aspects as well.

Japan has consistently contended that it is only when the territorial problems is resolved and Japan-Russia relations are normalized on the basis of law and justice that it will be possible to consider Russia as sharing the same values we do and as a true partner. This awareness was shared and supported by the participating countries at the Munich summit. Thus I very much regretted that President Boris Yeltsin postponed his visit to Japan, all the more in that I had hoped his visit to Japan would deepen mutual understanding between Japan and Russia and mark the beginning of a new chapter in our relations. This administration intends to tenaciously and unwaveringly promote its Russia policy for the solution of the territorial issue and the conclusion of a Japan-Russia peace treaty.

At the same time, support for democratization and the adoption of market economies in Russia and the other countries of the former Soviet Union and central and Eastern Europe is an important agenda for the preservation of world peace and prosperity. Indeed, this awareness is also shared by all of the member countries of the Tokyo Conference on assistance to the CIS. Japan intends to cooperate with the rest of the international community to provide humanitarian assistance and to play an appropriate role in supporting these efforts for reform.

Conclusion

In the year since taking office as prime minister, I have made every effort for us to make an international contribution appropriate to the start of this era of creating a new international order of peace and to attain a better quality of life for the people looking ahead to the 21st century. Knowing how arduous the road ahead is, I am keenly aware of the responsibilities I have undertaken.

Whether or not Japan will develop into the kind of country of which our children can be proud will depend upon whether or not we are able to identify the demands of the present, to elucidate the directions in which we should move from a global perspective, and to make the utmost efforts to achieve our goals. This lesson is etched deeply in my heart as I continue to work across the national government spectrum.

It is inexcusable that national government should be gridlocked by distrust of politics at this crucial juncture for our future, and the need to reassert political ethics and to implement political reforms is urgent. Just as we must work to restore the people's trust in politics as soon as possible, so must we work to create political structure in which each and every person's views and choices are accurately reflected in government policy. Well has it been said that we should neither set our goals too low nor shirk from adversity. No matter how difficult the road ahead, I am determined to devote myself to achieving political reform.

In this, I ask again for the understanding and support of the people and of their representatives in the Diet.

Minister Hata Delivers Financial Policy Speech

OW3010131092 Tokyo NHK General Television Network in Japanese 0532 GMT 30 Oct 92

[Speech by Tsutomu Hata, Japanese finance minister, on the opening day of the House of Representatives's 125th extraordinary Diet session; in the main chamber of the House of Representatives—live]

[Text] In asking you to deliberate on the supplemental budget for 1992, I would like to present my basic thinking on current financial and banking policies and explain the general outline for the supplemental budget.

First of all, I would like to speak on the recent economic situation. Our nation's economy is now in a readjustment stage. Signs of recovery are being seen in the area of housing construction, and investments in public works projects are steadily growing.

There have been voices of apprehension stating that the economic readjustment this time may be different from those in the past and that, as a result of sharp falls in asset values, the banking system is in an unstable condition. There have been arguments pro and con about the effect of this situation on the real sector of the economy as well, and I have described this situation as a compound fracture.

To report on the interest rate trend, thanks to five actions to reduce rates, including the one to cut the discount rate in July, market interest rates have dropped, and consequently, interest rates for loan credits by banking institutions have come down.

Now on the trend of exchange rates, there has recently been an unstable situation—primarily in the European market. As a result of this, there is a trend where the value of the yen is going up, but it is not desirable to cause instability by engaging in speculative actions, for instance. We wish to do what we can to help stabilize the market, while further watching trends in the exchange market.

The government, on 28 August, adopted a general economic stimulus package for 10.7 trillion yen. This consists of expansion measures for domestic demand on the largest scale ever, which center around expanded investments in public works projects, measures to secure stability in the banking system, as well as measures to envigorate the securities market. While additional public works projects are covered in the supplemental budget for 1992, which we are asking you to deliberate on, there are already actions being taken on those measures which do not require a budget are concerned. Namely in the areas of financial investments and credits, necessary actions are already being taken to ease credits for housing construction by invoking Elastic Clause provisions.

For small and medium businesses, we have taken such necessary actions as substantially raising the ceiling on loans provided by the People's Finance Corporation and the Small Business Finance Corporation.

In the area of taxation measures to help promote private-sector investments, the government has raised the minimum criteria so that facilities which can benefit from favorable taxation treatment will be expanded under the investment encouragement taxation system.

Furthermore, in the area of public works projects, we have made efforts to speed them up and have been able to achieve some things in this regard, but we will have to continue our efforts so that all projects, including those to be added under the economic package may be smoothly enforced during the latter half of this fiscal year.

As far as the need to secure the stability of the banking system is concerned, even though the self-help efforts of banking institutions remain the basic condition, the government is exerting the maximum effort so that the people's trust in the banking system will not be damaged. It is important that a policy to deal with banking institutions' bad assets be set without further delay, so that well planned, step-by-step actions are possible. From that viewpoint, preparations to make possible actions on specific cases soon are underway. We have also taken actions to ensure that bad assets are fully disclosed to the public and that necessary actions on the bad assets are taken, as required under tax laws. We are now taking other actions to improve conditions; for instance, by entrusting private banking institutions to study ways of improving the liquidity of real estate that has been put in as collateral.

We are also faithfully carrying out the new policy whereby the ratio of self-owned capital is included in the economic package, and are taking measures to ensure that an adequate supply of funds is made available for economic activities and for ensuring that financial institutions have adequate capacity to respond to loan requirements.

In measures to liven up the securities market, the government has decided to adopt the new system of the so-called shiteitan—the designated independently operating money trust which is provided by the Post Office Life Insurance and Annuities Welfare Corporation. The new system will set no restrictions on equity fund ratios. The government provided the funds necessary for the system this year, but in order to secure further funds for financial loans, budgetary action is necessary, and an appropriation for this is being sought in the supplemental budget.

We have decided that the loan trust should be made applicable to stocks too, and are now studying ways to encourage individual investers to buy stocks as well. We are confident that the implementation of the overall economic stimulus package will make great contributions to our nation's sustained economic growth.

Next, I would like to report on financial reform. We anticipate that the outstanding value of public bonds issued will amount to about 167 trillion yen at the end of 1992. As such, there remain difficult structural conditions to cope with. Without a doubt, public bond costs are straining government expenditures.

Given this situation, the basic policies for government financial operations are as follows: The government will be flexible with its finances in order to be able to cope with social and economic changes in the future in a flexible manner, and so as not to leave financial burdens on future generations, whose average age will be much higher than now, will not issue special exception public bonds [deficit-financing bonds], and will build up a financial structure whereby the outstanding amount of the public bonds will not continue to grow. We are aware that we must make persistent efforts to pursue these policies.

Fortunately, there is a rising understanding within the nation on the need to be strict in keeping financial rules. The world nations, in a series of international gatherings including a general assembly session of the IMF in Washington, highly appraised the decision by our country to carry out an economic reform of the largest scale, despite the existing financial problems we face.

This country's earnest efforts for financial reform over the past long years have been praised as well.

But I must add that on top of the structural financial problems explained above, there are now also immediate economic problems. Tax revenues for this year are expected to be substantially lower than originally expected. It is anticipated that tax revenues will continue to be discouraging in 1993. Our country's finances are in no easy position, we must admit this. But, however the situation may be, we shall follow the basic policies of the financial operation, and must strictly refrain from issuing special exception public bonds [deficit-financing bonds]. Therefore, when the budget for 1993 is compiled, I am sure, it will be necessary to do so with financial reform as its target—and in such a way to strongly pursue a way for rationalizing the structure and revising the necessary systems.

Now, I would like to explain about the 1992 supplementary budget we are submitting to this Diet. The 1992 general accounting supplemental budget covers additional expenditures to carry out public works projects under the overall economic stimulus package—about which I explained above—plus expenditures to appropriate funds for improved pay for public officials as well as new revenues to deal with the situation of big shortfalls in tax revenues.

With regard to the expenditures in this general account supplementary budget, we are asking for 10.3 trillion in the additional expenditures in the public works projects in order to carry out various measures under the overall economic stimulus package, 372 billion yen in funds for disaster relief and reconstruction projects, 290 billion yen in funds to cover government treasury burdens related to the general public works projects and funds for the improvement of local facilities including those for science research and development, 88 billion yen in special measures for small and medium businesses, as well as other funds—including those for improving pay and adminstrative facilities—which are unavoidable.

Now, I would like to discuss revenues. When we consider the recent trend, it is apparent that we will have a large shortfall—of some 4,873 billion yen—in tax revenues at the end of this year. In order to deal with such an extraordinarily large shortfall, the government is doing all it can to maximize savings concerning various expenses, to cut reserve expenses, and to secure other sources of revenue. In anticipation that revenues from income taxes and corporates taxes will fall, grants to local governments will be reduced by 1,568.2 billion yen. However, we consider the issuance of construction bonds unavoidable. We plan to issue construction bonds as a way of securing funds for public works projects. This is indeed a temporary measure because of the anticipated shortfall in revenues.

The entire balance of the budget carried over from the last year, 1,531.8 billion yen, will be used as a source of revenue to augment the shortfall. On the other hand, we have decided not to carry out debt repayments originally intended from the general account—in the amount of 556 billion yen. Regarding this action on the carried-over portion, the government will prepare a bill and request deliberations by the Diet for approval.

When all these are taken into account, the total general account budget for 1992 with the supplemental budget included will amount to 71,489.7 billion yen in both revenues and expenditures—728.3 billion yen less than originally planned.

As far as local government finances are concerned, reductions of subsidies in the general account will be inevitable. But in order to ensure the smooth financial operation of local governments, necessary loans will be appropriated in the special account budget, which will call for a collection of subsidy taxes. In other words, the originally intended amounts for local governments will be secured in full in one way or the other. We will take action to come up with originally intended amounts from the general account budget, the special account budget or the government agencies budget.

In the 1992 supplemental budget, we are asking to provide additional funding to the Japan Development Bank and the People's Finance Corporation. As far as the Japan Development Bank is concerned, we will also prepare for your deliberations a bill proposing its partial restructuring.

As above, I have explained the governmental policies in relation to the 1992 supplemental budget. I hope you will approve the bill soon, after reviewing it along with the other bills accompanying it.

Hata Welcomes Bank Entity To Clear Bad Loans

OW3010041292 Tokyo KYODO in English 0241 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 KYODO—Finance Minister Tsutomu Hata said Friday he welcomes plans by banks to form a company that will help them clear bad loans but said it will not get any public money.

Hata made the comment at a news conference after Mitsubishi Bank announced details of the entity, which is to purchase real estate held by financial institutions as collateral for their bad loans and for claims on such nonperforming loans.

The setting up of the company to buy real estate was proposed by the government in late August, and it is to be formed by the year-end.

"It's timely to set up such an organization," Hata said. But he added, "even though we suggested (such an organization), the private sector should run it on its own. No request for public funds should be made."

Mitsubishi Bank has been coordinating talks among major banks on how to establish the company. Some economists have said such an entity will not work smoothly without public funds.

Finance Ministry Reports on Banks' Bad Loans

OW3010103892 Tokyo KYODO in English 0927 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 KYODO—Bad loans of Japan's 21 major banks grew by more than 50 percent to 12.3 trillion yen in the six month period through September, making a large dent in their pretax profits, the Ministry of Finance (MOF) said Friday.

The banks' operating profits from core banking operations, however, posted handsome gains during the period due to a fall in interest rates, the MOF said.

The 21 major banks held 12.3 trillion yen in loans on which interest payments had not been collected for six months or longer at the end of September against 396 trillion yen in total outstanding loans.

While the bad debts dragged down pretax profits of all banks by 31.0 percent to 1,111.7 billion yen during the period from a year earlier, the banks enjoyed a thumping 43.0 percent increase in operating profits to 2,365.4 billion yen as the falling interest rates widened the loan spread, according to the ministry.

All banks' special loan-loss reserves stood at 464.8 billion yen at the end of September, up 138.4 percent from a year earlier.

The size of the six-month nonperforming loans had grown 54 percent from 7,992.7 billion yen at the end of March.

The ministry's announcement was seen by analysts as an attempt to allay lingering concerns about the nation's banking system, which has been bedeviled by the crash of asset prices caused by the collapse of the so-called bubble economy.

Tumbling land prices and a stagnant property market following the bursting of the speculative bubble have left banks and their affiliate finance companies with huge amounts of problem loans to land brokers and property speculators, many of whom have gone bust.

Analysts in the private sector estimate that bad loans—if those likely to go sour are included—could be between 25 trillion to 30 trillion yen.

Of the 12.3 trillion yen, about 4 trillion yen is not fully covered by collateral, up 56 percent from 2,561.9 billion yen at the end of March, the MOF said.

Finance Minister Tsutomu Hata said at a press conference the bad loans will continue growing but added the tempo of the increase will slow down.

While admitting the amount of the bad debts is "considerably large," Hata said Japanese financial institutions have enough financial strength to handle the problem.

In an attempt to facilitate write-offs of such loans, Mitsubishi Bank, on behalf of the entire banking industry, has come up with a scheme to liquidate the real estate-backed nonperforming loans.

Mitsubishi announced earlier in the day a blueprint for a joint finance company to buy claims of banks to credits collateralized with real estate.

Hata said the scheme will certainly work.

Some analysts are fairly optimistic about the situation.

Yushiro Ikuyo, director of research at Prudential-Bache Securities (Japan) Ltd., said shrinking interest rates have sharply boosted the banks' operating profits, thereby bolstering their capability to handle the loans.

"Most major banks will be able to write off the bad debts in three to four years without much hardship," Ikuyo said.

Japanese banks also improved their position to meet international capital adequacy requirements.

The total self-owned capital of the 90 banks that have to meet the requirements imposed by the Bank for International Settlements (BIS) increased 1.5 trillion yen in the six month period to 53.9 trillion yen, despite the shrinkage of 1.3 trillion yen in unrealized profits from securities holdings.

That was due to an additional 2.7 trillion yen in capital raised through subordinated loans and other means, the MOF said.

As a result, the BIS-defined capital-to-asset ratio for the 90 banks rose to an average 8.7 percent at the end of September from 8.3 percent at the end of March, the ministry said.

Cabinet Approves Supplementary Budget With Cut

OW3010040592 Tokyo KYODO in English 0155 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 KYODO—The cabinet Friday approved a supplementary budget for the current fiscal year that features much of a 10.7 trillion yen pump-priming package unveiled in late August.

The supplementary budget calls for the spending of an additional 2.99 trillion yen on public works projects and investment under the government's fiscal investment and loan program.

But it trims 728.3 billion yen off this year's original budget to keep its size at 71.48 trillion yen.

The downward revision of the 72.22 trillion yen general-account budget for fiscal 1992 came in the wake of a huge tax revenue shortfall caused by the lingering economic doldrums.

It is the first time since fiscal 1986 that the government has scaled down the size of an initial national budget.

The government is to submit the supplementary budget to the extraordinary session of the Diet that opens Friday. Government officials have said they aim to win Diet approval by mid-November.

On the revenue front, the supplementary budget depends on issuance of construction bonds, or bonds designed to finance public works, and a budget surplus carried over from the previous fiscal year as tax revenues are expected to be 4.87 trillion yen less than initially expected.

On the spending front, the supplementary budget includes 12.5 billion yen in grant-in-aid to 12 former Soviet republics, 1.1 billion yen for measures against AIDS, and 3.3 billion yen for preparation for the annual economic summit of the world's seven leading industrial nations to be held in Tokyo next July.

BOJ: First Fall in Corporate Financial Assets

OW3010143792 Tokyo KYODO in English 1323 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 KYODO—The Bank of Japan said Friday financial assets at the nation's major companies in fiscal 1992 decreased 700 billion yen from the previous year, the first decline since it started reporting such figures in 1966.

According to the central bank's fiscal 1992 analysis of business results reported by 638 companies capitalized at more than 1 billion yen, Japan's major companies stepped up moves to reduce investment and outside fund-raising.

Also contributing to weakened financial assets was increased disposition of liquid funds in hands led by nonmanufacturers.

The central bank said although appraisal and capital losses in securities portfolios doubled to 336.4 billion yen, companies locked in profits worth 550 billion by liquidating securities to cover their poor business performance, up from the previous year's 480.2 billion yen.

The prolonged stock market slump, however, clearly squeezed their financial positions, with unrealized profits declining about 40 percent, and 5.7 percent of major companies carrying latent losses, the highest since the economic recession of 1982 after the so-called second oil shock.

Ratio of Job Openings to Job Seekers Falling

OW3010040292 Tokyo KYODO in English 0050 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 KYODO—The ratio of job openings to job seekers in September dropped for the 18th month in a row, edging to a watershed of a shortage of openings, the Labor Ministry said in a monthly report released Friday.

The ratio for September stood at a seasonally adjusted 1.01, down 0.01 points from August, the report said. The ratio has fallen since March 1991 when it peaked at 1.47.

The figure means there were 101 job openings for every 100 people seeking jobs in September.

The officials said they cannot rule out the possibility of the ratio falling between 0.90 and 0.99, meaning there will be more job seekers than openings.

Despite the falling ratio, Japan's seasonally adjusted unemployment rate is still lower than those in other industrial countries, according to a separate report released by the Management and Coordination Agency.

The unemployment rate in September was 2.2 percent in Japan, 6.8 percent in western Germany, 7.5 percent in the United States, 10.1 percent in Britain and 11.4 percent in Canada, the preliminary government report said.

The unemployment rate in Japan has hovered at 2.2 percent for July, August, and September, the report said.

The size of the work force, including the unemployed, stood at 66.25 million in September, an increase of 470,000 or up 0.7 percent from a year earlier., the report said.

The male work force totaled 39.12 million, up 0.6 percent, and females 27.13 million, up 0.8 percent.

The number of unemployed people in September totaled 1.47 million, an increase of 60,000 or up 4.3 percent from a year before, and comprised 840,000 men and 630,000 women.

The number of employed people stood at 64.78 million in September, an increase of 410,000 or up 0.6 percent—38.28 million of them men and 26.50 million women.

A breakdown of those with jobs showed there were 8.58 million self-employed, down 1.8 percent from a year before, 4.85 family business workers, down 8 percent, and 51.17 million salaried workers, up 2 percent.

By industry, agriculture-forestry accounted for 4.16 million, down 6.5 percent from a year before, construction 6.33 million, up 6.2 percent, manufacturing 15.95 million, up 1.9 percent, wholesale-retail and food services 14.41 million, up 0.4 percent, and services 14.63 million, up 0.1 percent.

Ministry: Construction Orders Reportedly Drop

OW3010085392 Tokyo KYODO in English 0832 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 KYODO—Construction orders placed with 50 major Japanese construction companies dropped 15.6 percent for the first six months in the current fiscal year, which will end next March, from a year earlier to 11,493.7 billion yen, the Construction Ministry said Friday.

The double-digit drop was the first since the first half of fiscal 1975 when the Japanese economy was hit by rising oil prices.

Of the total domestic orders worth 11,147.5 billion yen, orders from private companies declined 28.8 percent from the same period last year to 7,172.2 billion yen.

Orders from the electrical equipment sector declined 55.2 percent, while orders from the transportation machinery sector marked a 40.4 percent drop, showing Japanese electrical facilities and automobile industries restrained their capital spending.

Thanks to the 10.7 trillion yen government economic pump-priming package, which was released in August, construction orders from central and local governments advanced 25.5 percent to 3,704.2 billion yen, ministry officials said.

North Korea

Ministry Denies Stockpiling Chemical Weapons

SK3010105492 Pyongyang KCNA in English 1036 GMT 30 Oct 92

[Text] Pyongyang October 30 (KCNA)—A spokesman for the Foreign Ministry of the Democratic People's Republic of Korea answered a question put by KCNA today regarding recent reports of some U.S. media quoting false materials of the South Korean authorities saying that the DPRK has "bio-chemical weapons."

On October 23 the Voice of America quoted a report submitted by the South Korean "security planning board" to the "National Assembly" alleging that the DPRK has established a "biochemical war strategy" and stockpiled chemical and germ weapons enough to totally destroy the South Korean population and that toxic materials are being produced at several factories.

This is another fabrication of the United States and the South Korean authorities to invent a new pretext for increasing the tensions on the Korean peninsula and resuming the "Team Spirit" joint military exercises.

As is widely known to the world, the "security planning board" of South Korea is a despicable plot-breeding tool which is engaged in fabrications to incite North-South confrontation and suppress the patriotic democratic forces of South Korea at the instigation of the United States. It is their habitual method to stage such groundless drama each time they are driven into a tight corner with the internal crisis getting serious and the truth brought to light.

The United States and the South Korean authorities are facing strong protest and criticism by public opinion at home and abroad for their decision to resume the "Team Spirit" joint military maneuvers with an outcry over "suspicion of nuclear development" against the DPRK. So, they are going to great pains to add the "biochemical suspicion" to the "nuclear suspicion."

No one would be cheated or fooled by such false drama in modern times.

The United States and the South Korean authorities can never be justified in resuming the "Team Spirit" even if they slander the DPRK on false charges. If they stage the nuclear war exercise despite our warnings, they will have to bear full responsibility for all the consequences arising therefrom.

Sources Say U.S. 'War Game' Held 26, 27 Oct

SK2910060292 Pyongyang KCNA in English 0450 GMT 29 Oct 92

[Text] Pyongyang October 29 (KCNA)—The U.S. imperialist aggressors staged a long-distance nonstop bombing exercise to invade the North on October 26 and 27, according to military sources.

They let fly nuclear-capable fighter-bombers, pursuit-assault planes, VTOL assault planes and mid-air refueling tankers in the skies above Tokjok Island and Chunchon area from the bases in Japan proper and the Pacific, which carried out an exercise of dropping bombs on targets under condition of electronic jamming and quickly turning back to the overseas bases nonstop after being refueled in the mid air above the West Sea off Kunsan.

The provocative war game was aimed at increasing the combat capacity of fighter planes which would take off at the bases in Japan and Pacific in an "event of contingency" on the Korean peninsula for flying back to the bases after making surprise intensive strikes at the strategic targets in the northern half of Korea with the support of electronic jamming planes.

Four U-2 high-altitude strategic reconnaissance planes and fifteen army tactical reconnaissance planes including RV-1 carried out intensive aerial espionage on the northern half of Korea, making shuttle flights from east to west along the Military Demarcation Line on October 26 and 27 within the framework of the aforesaid war game.

More than 1,100 fighter bombers, assault planes, pursuit assault planes, VTOL assault planes, observation planes, reconnaissance planes, armed helicopters and transport planes took part in the areal war exercises against the North in the sky above South Korea on October 26 and 27.

U.S.-ROK Exercise Called 'Malicious Challenge'

SK3010112492 Pyongyang KCNA in English 1018 GMT 30 Oct 92

[Text] Pyongyang October 30 (KCNA)—The United States and the South Korean authorities decided to stage a joint field exercise codenamed "Eagle 92" from November 3 to 7, according to South Korean radio and foreign press reports.

The exercise will involve a total military strength nearly 800,000 strong including the puppet Armed Forces and the U.S. imperialist aggression forces inside and outside South Korea.

The exercise will cover vast areas of South Korea including the area near the Demilitarized Zone, according to the October 29 announcement of the U.S. Defense Department and the South Korean puppet Ministry of Defence.

The South Korean authorities reportedly decided to hold an "anti-spy exercise" in different parts of South Korea under the name of "Hwarang" from November 2 to 7 in parallel with the war exercise.

A few days ago, the government, political parties and organisations of the DPRK held a joint meeting, bitterly denouncing the decision of the U.S. imperialists and their stooges to resume the "Team Spirit" joint military maneuvers and strongly demanding that the decision be cancelled.

The United States and the South Korean authorities, however, answered this reasonable demand with the "Eagle 92" joint field exercise which will involve far greater armed forces than those mobilized in the "Team Spirit" and extend the theatre of the war game to the area near the Demilitarized Zone.

This is another malicious challenge to the DPRK that loves peace. This shows that the United States and the South Korean authorities are not interested at all in the implementation of the inter-Korean agreement on non-aggression and are more undisguisedly aggravating the tensions on the Korean peninsula.

Now the people's sentiments are turning to the North and their struggle for independence, democracy and reunification is gaining strength. Facts show that the rulers of the "Sixth Republic", utterly dismayed at this, are resorting more recklessly to the anti-national acts of inciting antagonism within the nation in an attempt to turn the table in their favour with the "presidential elections" at hand.

Beijing Banquet Held To Mark CPV Anniversary

SK2710085192 Pyongyang Korean Central Broadcasting Network in Korean 1500 GMT 25 Oct 92

[Text] A banquet was arranged at our country's embassy in China on 24 October on the occasion of the 42d anniversary of the Chinese People's Volunteers [CPV] participation in the Korean front. Flags of our country and China were hoisted at the banquet place.

PRC State Councillor and Defense Minister Qin Jiwei; Vice Foreign Minister Yang Fuchang; Zhu Shanqing, deputy head of the International Liaison Department of the CPC Central Committee; Xu Huizi, deputy chief of the General Staff of the Chinese People's Liberation Army [PLA]; Vice Minister of Public Security Bai Jingfu; Zhou Wenyuan, deputy director of the General Political Department of the PLA; Xu Sheng, deputy political commissar of the General Logistics Department; Li Shitian, deputy political commissar of the PLA Navy; Lin Hu, deputy commander of the PLA Air Force; Yang Zhenyu, commandant of the Air Force Command Academy; Wang Wenli, deputy commander of the Headquarters of Chinese People's Armed Police Force; Xu Qun, vice president of the Chinese People's Association for Friendship With Foreign Countries; Gan Yetao, vice president of the China-Korea Friendship Association; other functionaries concerned; and bereaved family members of the CPV were invited. Chu Chang-chun, our country's ambassador to China, and functionaries of the embassy participated in the banquet.

Our country's ambassador and the deputy chief of the General Staff of the PLA made speeches. In his speech, the deputy chief of the General Staff said that 42 years ago when the fraternal Korean people experienced intervention from outside forces and China's security was experiencing grave threat, President Mao Zedong, the great leader of the Chinese people, appealed to all the Chinese people to resist the United States, aid Korea, safeguard the home, and defend the nation. He continued: By highly upholding internationalism, along with the heroic Korean people, the CPV, which was organized by the superior sons and daughters of China, fought by shedding blood, thus achieving great victories.

During their stay in Korea, the sons and daughters of China received warm attention and consideration from Comrade Kim Il-song, the great leader of the Korean people, the Workers Party of Korea [WPK], the DPRK Government, and the Korean people. Korea's parents, brothers, and sisters vigorously supported the CPV and even sacrificed their lofty lives for them. The Chinese people will never forget this.

Under the leadership of Comrade Kim Il-song and the WPK, the diligent and sagacious Korean people highly upheld the spirit of self-reliance and fortitude after the war, overcame all kinds of barriers, and vigorously accelerated the country's construction, thus achieving great results. We are truly happy about the results achieved by the Korean people.

He said that strengthening and developing the friendly and cooperative relations between the two parties and two people of the two countries are firm policies of the Chinese party and government. He continued: Whatever changes may occur in the international situation, we will, as in the past, support socialist construction and the Korean people's cause for the country's independent and peaceful reunification. We will exert our efforts to consolidate and develop the traditional Chinese-Korean friendship.

Participants of the banquet toasted the traditional friendship and unity between the people of the two countries of Korea and China, which were achieved through blood ties; for the great leader Comrade Kim Il-songs' long life; for the dear leader Comrade Kim Chong-il's long life; and for the long life of the respected Comrades Deng Xiaoping, Jiang Zemin, Yang Shangkun, and Li Peng.

Kim Yong-sun Meets PRC Newspaper Delegation

SK3010114592 Pyongyang KCNA in English 1026 GMT 30 Oct 92

[Text] Pyongyang October 30 (KCNA)—Secretary Kim Yong-sun of the Central Committee of the Workers' Party of Korea today met and had a friendly conversation with the delegation of Chinese PEOPLE'S DAILY led by its deputy editor Zheng Mengxiong.

Head of the delegation said they witnessed great achievements registered in the socialist construction of Korea while staying in Korea and they are convinced that the Korean people will achieve greater success in the future socialist construction under the wise leadership of Comrade Kim Il-song and Comrade Kim Chong-il.

The Sino-Korean friendship will overcome any trial and go down through generations because the two countries are the neighbouring countries linked with the same mountains and rivers and also because it was established by Comrade Kim Il-song together with comrades Mao Zedong and Zhou Enlai, he said, adding: We will as ever strengthen the friendship between the two countries of China and Korea and between the two parties and actively support and encourage the Korean people's struggle to step up socialist construction and accomplish their cause of peaceful reunification.

Japan Atomic Energy Report Called 'Fiction'

SK2810054592 Pyongyang KCNA in English 0429 GMT 28 Oct 92

["Japan's Sinister Intention"—KCNA headline]

[Text] Pyongyang October 28 (KCNA)—The Japan Atomic Energy Committee recently issued a "White Paper on Atomic Energy" groundlessly slandering the DPRK over "suspicion of development of nuclear weapons".

Commenting on this, NODONG SINMUN today brands Japan's outcry over the "development of nuclear weapons" by the DPRK as a sheer fiction invented by those who intend to isolate the DPRK in the international community.

The news analyst says:

Japan's persistent propaganda about the "suspicion of the development of nuclear weapons" is aimed at diverting elsewhere the world's criticism from it and justifying its own scheme to become a nuclear power.

This can be seen in the allegation of the "white paper" that the "suspicion of the development of nuclear weapons" against the DPRK might "have a bad impact on Japan which is using nuclear energy only for peaceful purposes". If Japan intends to use nuclear energy only for peaceful purposes, why is it trying to ship more than enough plutonium despite the opposition and rejection by many countries? Is there any evidence that Japan is using nuclear energy "only for peaceful purposes"?

The fact shows the crafty intention of Japan to focus the attention of world public on this "suspicion" against the DPRK that has no nuclear weapons and has neither intention nor capacity to make them, by making a fuss about it and to become a nuclear power by manufacturing nuclear weapons behind the curtain.

It must not go unnoticed that Japan complained in the "white paper" about the supervisory system of the International Atomic Energy Agency [IAEA], saying that it is not sufficient. The IAEA has admitted the honesty of the DPRK and fairly appraised the reality through its nuclear inspection of the DPRK. Japan's act is an arrogant challenge and insult to the international organisation.

It is ridiculous and foolish of Japan to try to get something from the campaign over "suspicion of the development of nuclear weapons by North Korea."

Japan must not be given to the wicked act to gratify its sinister desire by taking issue with others. It must stop blowing the trumpet about "suspicion of the development of nuclear weapons" faked by the United States, following the U.S. policy toward Korea.

That would be good for Japan to earn international confidence.

Over 6 Million Koreans Said 'Enslaved' by Japan

SK3010042992 Pyongyang KCNA in English 1523 GMT 29 Oct 92

["Heinous Crimes of Japanese Imperialism in Drafting 6 Million Koreans Denounced"—KCNA headline; all quotation marks as received]

[Text] Pyongyang October 29 (KCNA)—The DPRK committee for measures on compensations to the "comfort women for the army" and Pacific war victims today published an indictment exposing the heinous crimes of the Japanese imperialists in drafting more than 6 million Koreans. So even according to official data of the Japanese inperialists, the Korean youths and middle-aged persons taken to Japan, South Sea islands, Sakhalin, etc. numbered more than 1.5 million and, when the 4.5 million people who were taken to various parts of Korea and forced to slave labor are included, their number added up to 6 million or more.

The Japanese imperialists whisked off Korean youths and middle-aged persons right and left and forced them to slave labor for more than 16 hours daily at underground pits of coal and ore mines thousands of feet deep and construction sites of munitions bases for their war of aggression. Worse still, they committed in the end the beastly atrocities of massacring numerous people, afraid of the leakage of "secrets of projects."

Six million people taken to various parts at home and abroad accounted for a quarter of the Korean population at that time. This figure shows that most of the young and middle-aged people of a nation were drafted by force. This is an inhuman crime without precedent in human history and a heinous state crime of Japan never to be condoned, which was directly linked with the Japanese militarists' policy of exterminating the Korean nation, the policy comparable only to the German Nazi's policy of exterminating Jews during World War II.

Far from investigating and opening to the public the truth of the drafting of Koreans and making an apology for that, the Japanese Government intends to bury the history in obscurity, although it is nearly half a century since the war. This can never be tolerated in the international community today.

Uncovering the truth of the drafting of Koreans by Japanese imperialism, the indictment says:

In the 1930s, the Japanese imperialists provoked a war of aggression on the continent and escalated it. This increased the demand for armed forces and manpower. According to the announcement of the Japanese authorities at that time, the newly needed workforce was 1.1 million in 1939, 2.5 million in 1941 and 7.9 million just before Japan's defeat (pp. 74 and 83, "Records of Forced Drafting and Labour of Koreans" brought out by Kentai Publishing House in 1974).

The Japanese imperialists solved the problem of labour in the colony of Korea at cheap price under the name of "conscription of manpower" to ensure the rapidly expanding munitions industry while making up the endless losses of armed forces on the front.

The Japanese imperialists promulgated the "national mobilization law" in April 1938, the "national drafting order" in July 1939, the "labour coordination order" in February 1941, "measures for the use of Korean labourers" in February 1942 and other evil acts to "legalize" the drafting of Koreans, says the indictment.

It furnishes many evidences proving that such "conscription of manpower" was, in every respect, a "forcible draft" by government power and the military and "slave hunting" in the form of kidnapping and its scope was so vast that the sources of supply of labourers got scarce in Korea.

The indictment exposes the inhumane maltreatment of Korean draftees and sufferings forced upon them by the Japanese imperialists.

The employers drove the Korean draftees hard with the right to kill them or leave them alive. It was utterly forced labor without pay.

The Koreans were subjected to extreme national discrimination and were treated not as workforce but as wartime supplies.

The slave labor forced by the Japanese imperialists upon Koreans was an unprecedentedly cruel and harsh one which claimed hundreds of thousands of Korean lives, says the indictment.

It brands the Japanese imperialists' drafting of Koreans and forced labor as a grave breach of the international law.

Noting that Paragraph C, Article 5 of the regulations of the Far Eastern international military tribunal and Article 6 of the regulations of the Nuremberg international military tribunal stipulate that murder, annihilation, enslavement, kidnapping and other inhuman practices committed against all civilians before or during war fall within the category of wartime crimes, whether or not they contravene the domestic law of the country where crimes were committed, it notes that the Japanese imperialists' policy of draft and forced labor was a blatant crime because it was in crude violation of the international law on humanitarianism and its usage.

It is a crime also because it is a breach of the international law on the "treaty on banning forced labour," the indictment says, adding: Such anti-humanitarian criminal lacts must not be repeated in the future.

The Japanese Government authorities are unwilling to investigate and clarify on an overall scale the truth behind the Japanese imperialists' past drafting of Koreans and apologize for it. This is an attempt to defend the militarists' crimes, which tells that they may follow in the footsteps of their predecessors any time.

The DPRK committee for measures on compensations to the 'comfort women for the army' and Pacific war victims calls upon the world's progressive people, governments, international organizations and public organizations to pay due attention to the Japanese imperialists' crimes in drafting Koreans and put pressure upon the Japanese Government to thoroughly probe the truth behind the drafting of more than six million Koreans and publish its results and adequately apologize and compensate for it.

Paper Comments on South Import of Russian Arms

SK2910112392 Pyongyang KCNA in English 1022 GMT 29 Oct 92

[Text] Pyongyang October 29 (KCNA)—The South Korean authorities plan to import large quantities of weapons from Russia. MINJU CHOSON today brands this as a very ill-boding military move aimed at extensively building up the armed forces and stepping up war preparations under the pretext of "studying the military equipment of the North."

The news analyst says:

The South Korean authorities scheme to unleash a war against the fellow countrymen in the North with Russian-made weapons.

If the South Korean authorities imported weapons from Russia, the danger of war on the Korean peninsula would increase that much. If a war broke out in Korea, it would immediately develop into a nuclear war as there remain numerous U.S. nuclear weapons in South Korea and nuclear submarines frequently visit it, and the damages will not be confined to the Korean territory.

In other words, the import of Russian weapons by the South Korean bellicose elements will disturb peace in Asia and the world and entail unpredictable disastrous consequences, plunging mankind into a nuclear scourge.

We can never look on with folded arms at the moves of the South Korean authorities to throw the nation into a danger and exterminate mankind.

The South Korean authorities must act with discretion, pondering ovr the consequences of their import of weapons from Russia.

North, South Hold Nuclear Control Panel Contact

SK3010022392 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 29 Oct 92

[Text] The seventh contact of members of the North-South Joint Nuclear Control Committee took place yesterday in the conference room of the Neutral Nations Supervisory Commission in Panmunjom.

Our side recalled that at the ninth [full-fledged] meeting of the Joint Nuclear Control Committee on 22 October it made an urgent proposal that the South side cancel the agreement to resume the suspended Team Spirit joint military exercise reached with the United States at the 24th South Korea-U.S. annual Security Consultative Meeting, and to declare its cancellation at home and abroad in order to create a favorable climate for North-South discussion of the rules of nuclear inspection. Our side sternly denounced the South side for having shamelessly tried to blame us for the delayed North-South nuclear inspection, instead of accepting our just proposal, and made provocative remarks that it could not cancel its agreement with the United States to resume the Team Spirit joint military exercise.

Our side said: In particular, the 27 October joint meeting of DPRK Government, political parties, and public organizations decided to suspend not only the North-South high-level talks but also all dialogue and contacts with the South Korean authorities, including joint meetings of all domains, if the United States and the South Korean authorities conduct the Team Spirit joint military exercise after all. This is very just, and the South side is fully responsible for our side having made this resolute decision.

Our side also said: If the South side starts a test nuclear war against us, its dialogue partner, in collusion with a foreign power after violating its promise to its fellow countrymen, it will in no way be able to escape the grave responsibility of returning the North-South relations, which have developed favorably, to the original state of confrontation.

It also said: The South side must clarify its stand on the proposal we advanced at the ninth Joint Nuclear Control Committee meeting and give a definite answer without fail at the 10th Joint Committee meeting slated for 10 November.

Then, our side said to the South side: First, your side proposed working out the inspection rules while attempting to resume the Team Spirit joint military exercise, a nuclear war test. Then our side asked, what are you going to work out the rules for? Second, what did your side think was the starting point of the joint declaration on denuclearization and agreement for its implementation and the drafting of the rules of inspection? Third, supposing that it foresaw the rupture of the contact of members for the discussion of rules of inspection in the event the Team Spirit joint military exercise was resumed, did your side ever consider how it would bear responsibility for this before the nation and history?

The South side evaded the answers on this, letting out a string of clumsy excuses, claiming that the Team Spirit joint military exercise is not a nuclear war exercise but a defensive training and that it is a step to maintain a security posture.

Then, our side began the discussion of the rules of inspection on the premise that the South side would revoke the decision to resume the Team Spirit joint military exercise.

In the debate on the third chapter "Selection of Objects of Inspection for the Verification of Denuclearization," our side insisted on the principle of totally and simultaneously dispelling suspicion. It also insisted on the inspection of objects designated by the opposite side and agreed upon between the sides in order to finally remove the nuclear threat from our country.

The South side, however, insisted on the inspection of the same number of designated objects and of ordinary military bases and civilian facilities excluding an inspection of U.S. nuclear weapons and bases.

Concluding the contact, our side revealed that the failure in making progress in the discussions of the rules of nuclear inspection is caused by the fact that the South side is using delay tactics by staging a large-scale nuclear war exercise in collusion with outside forces, and strongly urged the South side to revoke the decision to resume the Team Spirit joint military exercise as called for by all of our fellow countrymen and peace-loving people of the world.

The sides agreed to set the date of the next contact of members at the 10th meeting of the Joint Nuclear Control Committee.

Kim Il-song, Kim Chong-il Attend KPA Meeting

SK3010055592 Pyongyang KCNA in English 0442 GMT 30 Oct 92

[Text] Pyongyang October 30 (KCNA)—The great leader President Kim Il-song and the Supreme Commander of the Korean People's Army [KPA] Comrade Kim Chong-il on October 29 met and congratulated the participants in the second conference of KPA artillerymen.

The participants enthusiastically welcomed President Kim Il-song and Comrade Kim Chong-il with stormy cheers of "Hurrah!"

Present on the occasion were Minister of People's Armed Forces Marshal O Chin-u, KPA Vice Marshals Yi Ul-sol, Chu To-il, Yi Tu-ik and Kim Kwang-chin, General Yi Pong-won, Colonel Generals Kim Ha-kyu and Won Myong-kyun and other generals.

President Kim Il-song and Comrade Kim Chong-il congratulated the participants who, upholding the military line of the Workers' Party of Korea, are making strenuous efforts to firmly prepare themselves to be revolutionary soldiers unfailingly loyal to the party and the revolution and strengthen and develop the artillery forces of chuche and posed for a photograph with them.

South Korea

U.S. Asked To Reappraise Semiconductor Duties

SK3010112292 Seoul CHUNGANG ILBO in Korean 29 Oct 92 p 7

[Text] The U.S. Department of Commerce made a preliminary decision to impose high-rate antidumping duties on ROK-made semiconductors. Concerning this, the government decided to send a letter on 30 October to the U.S. side calling for fair and just deliberation at the final judgment session slated for March next year.

In the letter addressed to U.S. Secretary of Commerce Barbara Franklin, Han Pong-su, minister of trade and industry, pointed out that our government considers that the antidumping duties, reaching 87.4 percent at the highest, to be imposed on ROK-made semiconductors in accordance with preliminary decision of the U.S. Department of Commerce are higher than expected. In this letter Minister Han will reveal our government's position of hoping for a fair and reasonable outcome at the final judgment.

The government plans to hold a conference on 30 October to be attended by representatives of three semiconductor production companies, including Samsung, Gold Star, and Hyundai, as well as lawyers, to discuss the contents of the letter and precise background of decision of the Department of Commerce on antidumping duties. The government will send the letter on the afternoon of 30 October after the conference.

However, the government paid keen attention to the fact that the U.S. Department of Commerce pointed out the ROK side's "insincerity in forwarding the relevant materials" during the preliminary deliberation on dumping and thus decided on high-rate antidumping duties. For this, the government will strongly call on three semiconductor production companies and lawyers to submit more substantive and sufficient materials in the future. Besides, the government plans to hold full-scale negotiations with the new U.S. government after the presidential election in the United States on the issue of concluding an agreement on suspending the semiconductor investigation.

On the other hand, computer business firms in the United States using semiconductors are worried that the restriction on the import of ROK-made semiconductors will result in a system of monopolistic supply by the Japanese business companies and increase the price of semiconductors. As for the case of the Apple Company, it recently submitted a petition to the U.S. Department of Commerce to inform it of the scope of the targets to be investigated for dumping.

Meanwhile, Data Quest, a world-renowned U.S. semiconductor investigation organization, predicted that with restrictions on the import of ROK-made semiconductors, the price of semiconductors in the United States will increase by 10 to 15 percent. In particular, this organization observed that according to the active personal computer market prospects next year, the supply of 1 mega and 4 mega DRAM [dynamic random-access memory] semiconductors would be short. As a result, the possibility of a drastic price increase is likely.

U.S. Increases Trade Pressure on Industries

SK3010004l092 Seoul YONHAP in English 0142 GMT 30 Oct 92

[Text] Seoul, Oct. 30 (YONHAP)—The United States is accelerating its trade pressure on South Korea in such fields as shipbuilding and aircraft industry.

The U.S. Government was considering resuming multilateral shipbuilding talks of the Organization for Economic Cooperation and Development (OECD) in November, assistant U.S. Trade Representative for Industry Donald Phillips told Yu Tuk-hwan, Korean first assistant minister of trade and industry, when they met at Yu's office Thursday.

If the OECD multilateral talks were not resumed, Phillips said, the U.S. Government would hold bilateral talks separately with South Korea and Japan to extend them to a multilateral agreement.

The U.S. Government would revise laws related to maritime and shipbuilding industries like the Gibbons Bill and the Maritime Reform Act to the effect of charging entry of ships of countries which do not have bilateral talks with Washington, Phillips said.

He also said that South Korea should participate in extended GATT (General Agreement on Tariffs and Trade) negotiations on trade of civil aircraft.

Yu said that a multilateral agreement was more desirable than bilateral agreements, citing bilateral agreements in shipbuilding industry would only benefit the European Community (EC).

South Korea had no plan to join the extended negotiations on trade of civil aircraft as an observer, Yu said, pointing out that Seoul's share of the world aircraft and parts market was a mere 0.13 percent and that Korean aircraft industry was still in an infant stage.

Yi Sang-ok Meets Russian Deputy Prime Minister

SK3010100792 Seoul YONHAP in English 0828 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 (YONHAP)—South Korean Foreign Minister Yi Sang-ok met with Russian Deputy Prime Minister Aleksandr Shokhin here Friday morning and they discussed Russian President Boris Yeltsin's visit to Korea scheduled for Nov. 18-20.

Yi told Shokhin that successful reforms in the former Soviet republics were crucial to the peace and stability in Asia and the Pacific region, adding that his country would further deepen cooperative ties and exchanges with them.

Shokhin explained to Yi Russia's position on the Tokyo international conference called for discussing plans to support the former Soviet republics.

He also said that Russia would continue to seek economic cooperation with Western countries through the International Monetary Fund and the World Bank.

Yi is to return to Seoul later in the day.

Liaoning Vice Governor Expects Better Trade Ties

SK3010041992 Seoul THE KOREA HERALD in English 30 Oct 92 p 8

[By KOREA HERALD correspondent Pak Kun-pyo]

[Text] Shenyang, China—Liaoning Province of China will further strengthen economic relations with Korea through joint ventures with Korean companies in various areas, a Liaoning vice governor said.

Wen Shizhen, Liaoning vice governor, said in an interview, "The prospects for rapid expansion of trade between Korea and Liaoning are bright because they are mutually supplementary in terms of industrial structure."

Korean President No Tae-u's visit to China in August after the establishment of diplomatic ties between Seoul and Beijing will help Korea and Liaoning gain momentum to promote business ties, Wen said.

Liaoning, which is located in the southern part of northeast China, faces the Korean Peninsula across the Yellow Sea, with the Yalu River forming the boundary. The province with a population of about 40 million is an industrial base focused on heavy and raw materials-producing industries.

The northeastern Chinese province wants to see active Korean investment in every field, including heavy industrial and financial sectors, the vice governor said.

Korea and Liaoning are mutually supplementary because the province has a cheap labor force and Seoul has capital and technology, the Liaoning leader said.

"There would be no language barrier for Korean firms because 200,000 Chinese-Koreans, who speak Korean fluently, live in the province," Wen said.

Korea has invested $106 million in 182 projects in Liaoning, ranking as the fifth largest investor after Hong Kong, Japan, the United States and Taiwan, the vice governor said.

Korean investments in Liaoning to date have been focused on the labor-intensive sectors in three cities—Shenyang, Dalian and Yingkou, the Liaoning official said.

Most of the labor-intensive products such as textiles, toys and footwear have been exported to Korea and third countries rather than being sold in the Chinese market, he said. "The products can only be sold in China after Korean investors gain approval from the Chinese authorities before reaching joint-venture agreements."

Trade between Korea and Liaoning has expanded at a rapid pace since October 1988 when a Korean delegation visited the province, he said, adding that two-way trade between both sides is expected to reach $275 million this year, up from $193 million in 1991.

Liaoning will likely enjoy a surplus of $240 million in trade with Korea in 1992, up from $170 million last year, the official said.

The main export items of the Chinese province are cement, garments, agricultural products, fishery products, while main imports are steel products and textiles.

For brisker economic ties with Seoul, Liaoning will organize an exhibition, which will open Nov. 16 in the Korea Exhibition Center in southern Seoul for a one-week run, he said.

During the fair, the province hopes to win $100 million worth of export contracts and attract $100 million of Korean investment in such sectors as machinery, petrochemicals and electronics, the official said.

Importance of Japan's Repentance Over Past Noted

SK2510060092 Seoul THE KOREA HERALD in English 25 Oct 92 p 6

[Editorial: "Akihito's Beijing Remarks"]

[Text] Japan has long continued to make believe that it fully recognized its responsibility for past wrongs and accepted the blame for them. However, whenever the occasion arose, its chauvinistic and haughty elements made no bones about thinking and feeling otherwise. This has given rise to frequent controversies between the governments and peoples concerned with regard to the so-called attempts at white-washing the historical record on that score and to fears of the sun of old imperial Japan rising again over the horizons of Asia and the Pacific. Japanese Emperor Akihito's current visit to China seems to be another repetition: avoiding to apologize for Japanese war atrocities, while at the same time appearing deeply apologetic. At a state banquet given in his honor, Akihito merely deplored the sufferings caused by imperial troops during World War II, but he carefully avoided making the apology, apparently a disappointment for many Chinese.

The absence of an apology, however, did not seem to have dispirited the Chinese leadership in welcoming Akihito with full pomp to celebrate 20 years of diplomatic ties between Asia's two major powers. Beijing's Communist Party has wanted the imperial visit as another landmark in its return to international respectability after the 1989 bloody crackdown on pro-democracy uprisings in the city.

Surely, the emperor's remarks in Beijing are of particular interest to us, as their vagueness has irritated us in the past. But, we are interested not so much in the rhetoric or the manner of expressing "regrets," as in the honesty and sincerity of this rite of passage which the two Asian powers must go through to clear the way for a cooperative partnership in the making of a dynamic Asian-Pacific community.

A bold reorientation in the thinking and profile of the Japanese nation toward full candor, openness and humility is necessary to place that country on a solid bedrock of relations with China and, for that matter, all Asian neighbors including South Korea. It would be folly for either side, if the past bitterness is allowed to block the avenue of closer cooperation. To this end, Japan's genuine repentance over the past, proven in deeds, is enormously important.

UN Economic, Social Council Board Elects ROK

SK2910024192 Seoul YONHAP in English 0122 GMT 29 Oct 92

[Text] United Nations, Oct. 28 (YONHAP)—South Korea was elected to the board of the U.N. Economic and Social Council (ECOSOC) Wednesday along with China and Sri Lanka.

South Korea won the seat with 139 out of 172 votes cast, China with 149 and Sri Lanka with 134.

The term is for three years starting Jan. 1, 1993.

ECOSOC oversees international cooperation activities in economic, social, cultural, education and health sectors.

South and North Korea became full U.N. members in September 1990.

North Korea, China, Bhutan, Afghanistan, Nepal and Sri Lanka had applied for membership, but North Korea dropped its candidacy on Oct. 25.

With membership of ECOSOC, South Korea has a vote in more than 30 U.N. organizations, including the United Nations Development Program (UNDP).

The Economic and Social Council is one of the two important bodies at the United Nations. The other is the Security Council. Its main function is to manage all international cooperative activities in economic, social, cultural, educational and health fields. It also carries out a coordinating role for specialized agencies of the world body.

South Korea's membership on the council is seen as a diplomatic achievement since it was attained about a year after joining the United Nations in September 1992 and since it is a step toward a seat on the Security Council.

JNCC Meets; North Demands Exercise Cancellation

SK2910085292 Seoul YONHAP in English 0808 GMT 29 Oct 92

[Text] Seoul, Oct. 29 (OANA-YONHAP)—North Korea threatened again Thursday to freeze all inter-Korean dialogue unless South Korea cancels its annual "Team Spirit" military exercise with the United States.

The threat was repeated at working-level contacts of the Joint Nuclear Control Commission (JNCC), where Pyongyang demanded that South Korea announce the cancellation by the end of next month.

Team Spirit has been one of the key points in inter-Korean dialogue since Seoul and Washington agreed at their Security Consultative Meeting earlier this month to resume the military maneuver if there was no substantial progress in inter-Korean nuclear talks.

Pyongyang on Wednesday refused to open a military hotline with Seoul by the agreed Nov. 5 deadline without cancellation of Team Spirit.

North Korean officials claimed at the JNCC meeting that Team Spirit was a mock nuclear attack exercise mobilizing full-scale weapons and equipment.

The two sides tentatively agreed on working-level talks for Nov. 13, following the full commission meeting on Nov. 10.

South Korea proposes 56 annual inspections on civilian and military installations, including suprise inspection after a 24-hour notice.

North Korea insists that inspections should be allowed only on sites both sides agree on, eliminating the surprise.

New Meeting To Discuss Military Hotline Proposed

SK3010095592 Seoul YONHAP in English 0940 GMT 30 Oct 92

Seoul, Oct. 30 (YONHAP)—South Korea proposed a meeting to North Korea to discuss the establishment and operation of a hotline between both military authorities Friday.

Son In-gyo, head of South-North Liaison Office on the Southern side, sent a telephone message to his North Korean counterpart Choe Bong-chun, calling for convening the second working-level contact at the truce village of Panmunjom on Nov. 4.

Son urged North Korea to show a positive response to his call, saying that the agreed timetable of setting up a hot line was nearing its deadline of Nov. 6.

The two Koreas held the first contact to talk over the problem Wednesday but the North refused to open the promised inter-Korean military hotline taking issue with the probable South Korea-U.S. annual "Team Spirit" military exercise next year.

The two sides adopted a reconciliation agreement during prime ministers' talks last month, which included opening a military hotline within 50 days.

North Korea protested the announcement by Seoul and Washington earlier this month at the security consultative meeting that they would go ahead with Team Spirit next year if there was no substantial progress in inter-Korean nuclear talks.

* 1961 Secret North-South Contact Revealed

932C0006A Seoul WOLGAN CHOSON in Korean Aug 92 pp 26-237

[Article by reporter Choe Chang-won: "Inside Story of the Secret North-South Contact Shortly After the 16 May Coup; Pak Chong-hui Made a Fool of Kim Il-song"]

[Text]**Contact at South's Proposal**

The claim by Victor Tkachenko, former deputy chief of international affairs of the USSR government, that North and South Korea had secret political talks shortly after the 16 May 1961 coup has just been confirmed. Tkachenko made his claim in the WOLGAN CHOSON July issue.

In an article contributed to the WOLGAN CHOSON July issue, Tkachenko stated as follows: "Following the 1950 Korean war, North and South Korea held their first and most serious contact shortly after Gen. Pak Chong-hui seized power in Seoul in 1961 to sound out each other's intentions and find rules of coexistence through compromise. The talks were held in August 1961 between the delegations of the two sides, each consisting of two military officers and a secretary, on an uninhabited island off the west coast not shown in the map, at the proposal of South Korea. The talks continued through October in the same year, but they were affected by the serious political unrest in South Korea, particularly over the persecution of the leftist forces."

WOLGAN CHOSON has corroborated most of Tkachenko's claim through testimonies made by the responsible military officer who directed the North-South political talks in those days from his office in the HID, a military espionage organization, and from a delegate to the talks, and the crew members of the boat which carried the delegation to North Korea.

From these testimonies the new fact came to light that North Korea showed a very amicable and positive attitude in the talks and that it was very sorry that the talks were ruptured.

JP Calls It Groundless

Originally, WOLGAN CHOSON agonized over the question of whether or not to print the Tkachenko article in its July issue because it was unable to confirm the truth of his claim. Tkachenko claimed that the substance of his article is accurate by saying, "while working as a consul in the Soviet Embassy in Pyongyang in 1961, I was constantly briefed on the details of the talks by North Korean officials." But, the concerned persons, including Kim Chong-pil, then director of the Korean Central Intelligence Agency (KCIA), and Kim Chae-chun, then commander of the Counter Intelligence Command [CIC], brushed aside his claim as "preposterous." As a result, there was a tremendous difficulty in corroborating the veracity of the article.

Kim Chae-chun denied the possibility of the talks when he said, "I have never heard of it, and it was impossible." He retorted, "The United States was suspicious of Pak Chong-hui because of his ideological background. Give this situation, do you think there was any compelling reason for him to go out of his way to venture upon such a reckless adventure?" He said it was just unimaginable. As far as common sense goes, the claims of these officials sound plausible.

First, there was no reason for the revolutionary government that just came into power to attempt contact with North Korea in such a haste. In particular, as pointed out by Kim Chae-chun, Pak Chong-hui, the leader of the revolution, drew suspicion from the United States because of his background as a former member of the South Korean Labor Party. Second, from the meticulousness of his character which he had shown in the military revolution and throughout the ensuing 17 years in power, it is easily surmised that he was not the kind of man who would hatch such a reckless plan unless he had some compelling hidden motive.

Judging from this circumstantial evidence, we were unable to uncover a convincing reason why the fledgling revolutionary regime which just grabbed power by a coup had to attempt a secret contact with North Korea. Tkachenko's claim was so diametrically contradictory to the common knowledge of history that we even speculated that "North Korea must have furnished false information to the Soviet KGB for the purpose of reverse intelligence operation."

Despite the consistent denial by some of those involved, we could not shake off our suspicion because Tkachenko's claim as to the time and place and so forth was specific, however.

In his article Tkachenko said: "When South Korea made the proposal, North Korea thought that General Pak was a person who cared for the interests of the nation and with whom it could discuss the question of relaxation of tension in the Korean peninsula and a reduction of U.S. troops in South Korea, in view of the fact that he was purged by the army when his former membership in the South Korean Labor Party was uncovered, and that Pak Sang-hui, his elder brother, was executed by the U.S. military government because of his involvement in the 1 October Taegu riot.

Matter To Have Been Carried to Grave

It was our judgement that regardless of which side is telling the truth, now that the one side has made its claim, we must set the history of the inter-Korean relationship right by giving an accurate account of what actually happened, in preparation for national reunification, which will come one day. Acting on this judgment, we decided to print the Tkachenko article in our July issue. But, at that time, we were not sure about whether we would be able to confirm the truth. We even suspected that the truth would never be unravelled.

But unexpectedly, our doubts were easily cleared. Before the WOLGAN CHOSON July issue was published, CHOSON ILBO carried a gist of Tkachenko's claim in its 17 June edition. Soon afterwards the persons concerned came forward one after another to offer their testimonies. The first person to offer a decisive testimony appeared at the WOLGAN CHOSON office on the day after the article was published.

A 70-year old man identifying himself as Chairman Wang (not the real name), visited WOLGAN CHOSON office to offer information, saying he, now a reserve colonel, took administrative charge of the South Korean delegation to the 1961 North-South secret contacts from his west coast HID contingent. Exhibiting emotion on his face, he revealed the details of the North-South secret contacts which he had kept to himself for 30 years, saying "I thought I would carry it to my grave with me...."

A few days later Kim Chang-sik (59, with his address at Simgokjin-tong, Puchon, Kyonggi Province) and Chae Kwang-hui (60, with his address at Pukkazwa 2-tong, Sodaemun-ku, Seoul), testified about the contacts. According to their story, they disguised themselves as the captain and chief engineer, respectively, of the boat which carried the South Korean delegation for those contacts. Their testimonies led to the discovery that one of the two delegates is still alive.

The surviving delegate is Kang Song-kuk, 66, who is active as a clergyman in Inchon. We were unable to get the details of the talks from Kang because he refused to meet us, saying, "Kim Chong-pil, one of the two who sent us to the North, the other being Pak Chon-hui, is still alive and refuses to divulge the details of the talks, so neither can I reveal them." Nevertheless, from those who were actually involved in the North-South secret talks we were able to verify the fact that the talks actually took place.

According to their testimonies, the North-South political talks took place at the initiative of the army HID. Whereas the CIC, which is well known to the public, was engaged in "passive operations" to catch infiltrating enemy agents, the HID was engaged in "active operations" to collect information by infiltrating its agents into enemy areas.

In those days the HID commander was Brig. Gen. Yi Chol-hui, who was involved in the Yi Chol-hui/Chang Yong-cha scandal. Chairman Wang, one of the witnesses, said he was transferred to the HID with Yi Chol-hui, who became HID commander from his previous post as army deputy chief of staff for intelligence shortly after the military coup. Wang worked in the west coast detachment.

As proof of the talks, Wang produced four photographs, two of which were the souvenir pictures of each delegate. At the bottom of these two pictures were the caption reading "in memory of the 21 September 1961 political talks." One of the remaining two pictures, taken aboard the ship en route to North Korea, shows the members of the delegation, and the other is the picture of the delegations from the both sides posing together. These are the decisive proof of the fact that actually there were the political talks.

Wang said, "The two sides promised to conceal the North-South secret contacts from the United States and the Soviet Union, but our side came to know that from the beginning North Korea informed the Soviet Union on the progress of the talks in detail." He began his story by suggesting that "it should be recorded in history that they were the first to break the promise."

North Korea's Surprisingly Positive Attitude

Wang disclosed the details of the talks by saying, "now that the talks have been exposed, and the information revealed by Tkachenko is incorrect in many respect, I am offering my testimony with a view to setting history right."

The reporter asked: Who proposed the talks?

Wang replied: "We proposed the talks to North Korea. I cannot pinpoint the person who first came up with the idea about political talks, but I remember that it was the HID that hit upon that idea as part of intelligence operation on North Korea.

"The purpose in proposing the talks was to forestall any North Korean attempt to invade South Korea and collect information on North Korea. In the days shortly after the military revolution, there were fears of such invasion. In those days immediately following the revolution, South Korea was very insecure in terms of security. It was very edgy about the attitude of North Korea, but there were many flaws in the intelligence operation. For instance, most of the intelligence agents frequently sent into North Korea were caught. "The talks were sought to play for time so that the revolutionary government could consolidate its foundation by, on the one hand, ascertaining whether or not North Korea had an intention to invade South, and on the other, showing North Korea that South Korea was desirous of peaceful reunification, with no intention to invade North Korea."

Pak Chong-hui Knew It

Wang continued: "The code name of the political talks was "213-Seaborne Operation No (blank)," using the secret number for the HID west coat detachment which was charged with the mission of holding contacts with North Korea. But Wang said he does not remember exactly what the code number was because all the records were destroyed immediately after the talks were ruptured. According to him, the proposal was made through messengers, double agents, and North Korea readily accepted it unexpectedly.

"We were caught in surprise. As you know, the cold war was at its height at home and abroad in those days. No one had expected that North Korea would agree to the proposal, but the talks materialized easily.

"According to our analysis in those days, North Korea pinned hopes on Pak Chong-hui's background as former member of the South Korean Labor Party, but became confused when he made the revolutionary pledge that anticommunism would be his regime's basic policy; for this reason North Korea might have agreed to the talks in order to probe the exact intentions of the revolutionary forces in South Korea."

The reporter asked: Tkachenko said that South Korea made a number of epochal proposals, such as free travel by private citizens across the 38th parallel, mail exchange, and establishment of trade relations. But do you mean to say that the talks were merely intended as a means of obtaining information? There was no thought of reunification?

Wang answered: "From the beginning when we mapped out the operational plan, we did not think it possible to reunify the country. We had already concluded that it would be difficult to achieve reunification until Kim Il-song died. The talks were proposed purely for intelligence collection purposes. But as the talks proceeded, we were rather confused because North Korea was very positive, demanding that the talks be upgraded to a ministerial level or higher."

The reporter asked: The contents of the agenda look so elaborate that I doubt if a military unit really worked out such an elaborate plan.

Wang replied: "The HID was a military unit which was only concerned with intelligence operation on North Korea by transcending the wall of ideology. Do you think it is possible to bring North Korea to the conference table with a random agenda? In those days our society was not as diverse as now, and there were many talented people in the military, and military men could easily work out that kind of agenda."

The talks proceeded in secret as agreed upon with North Korea, keeping in the dark all other intelligence organizations, not to mention the United States. Only four or five persons, Pak Chong-hui, KCIA Director Kim Chong-pil, HID commander Yi Chol-hui, and Chairman Wang, who was then in charge of the operation were aware of the contents of the operation. According to Wang, Kim Chong-pil knew of the operation because when he organized the KCIA shortly after the 16 May coup, he brought all intelligence organizations under the unitary command of the KCIA. It is not certain whether Pak Chong-hui knew of the contents of the talks from the beginning. It has not been confirmed whether the HID executed the plan under the orders of Pak Chong-hui or the HID came up with the idea and pushed ahead with it purely for intelligence purposes.

Wang said, "I cannot pinpoint the person who first came up with the idea." According to him, one day HID Commander Yi Chol-hui summoned him and ordered him to work out a plan to contact North Korea. Thereupon he immediately began drawing up an "operational plan."

Wang said, "In view of the fact that the agenda of the talks contained such radical contents as were hardly imaginable in those days, it is ridiculous to think that our delegation travelled to the North to attend the talks without Pak Chon-hui's knowledge." It is Yi Chol-hui who should clarify on this matter, but he refuses to do so, saying "I cannot talk because I was the man in charge of national intelligence."

One Surviving Delegate Identified

Wang said, "We had a hard time because while the talks were in progress, the United States became suspicious that the South Korean intelligence organization was cooking up something with North Korea' and was trying hard to ferret out the secret." According to Wang, the United States resorted to all means to find about the contacts; it went so far as to pull a badger game by suggesting that "we will help you, so let us conduct a joint operation."

The two delegates who attended the talks on our side were both civilians. Explaining why civilians were sent as delegates, Wang said, "in principle civilians were sent when agents were to operate in North Korea." They are: Kang Song-kuk, who was a member of the second Seoul Municipal Assembly; and Kim Sok-sun, who was a member of the third Kwangju Municipal Assembly. Kang was 35 years old then and is 66 years old now and is currently a clergyman in Inchon. Kim was 29 years old then and died in 1991. Kang acted as the head delegate, and Kim as his assistant.

At the beginning of his testimony, Wang was unable to recall the name of Kang Song-kuk and only identified him as a man who was a member of the second Seoul Municipal Assembly and served as chairman of its health and social affairs subcommittee, . But in those days the chairman of the subcommittee was a Mr. Hong who died in 1974. This confusion caused a delay in locating Kang and there were also discrepancies in testimonies concerning the agenda and place of the talks.

From the beginning, the "scout team" used the following qualifications as the standards in the selection of the delegates: college graduates or a higher educational background; fluency in speech, and an ability to criticize social institutions, with some curiosity about the communist ideology. After the selection, the would-be delegates underwent three months of training to get acquainted with the situation in North Korea, the tactics used by the front for reunification, and so forth before disguising themselves as an army lieutenant colonel and an army major, respectively. In view of the North Korean delegates being captain and first lieutenant in rank, South Korea upgraded its delegates by one rank each.

Wang said, "I remember that one of them could not become as disciplined as a soldier, giving us a hard time training him." "Before the talks began," he said, "the delegates designate were so nervous that they had to assure: if North Korea should detain you, shout long live Kim Il-song and obey their orders; we will be responsible for your families, and we will rescue you without fail even if we have to send a commando unit."

First Meeting on Yongmae-to Island in North

Prior to the talks, the "messengers' of the two sides had several working-level contacts on the shore and land on the North-South boundary line on the west coast beginning in August. The first round of talks between the delegations of the two sides took place on Yongmae-to Island, which belongs to North Korea, on 28 September in that year.

According to Wang, Yongmae-to is an uninhabited island located at a midpoint between the southern and northern boundaries of the demarcation line. This muddy island submerges underwater at high tide and reappears above water at low tide. Wang testified that about 15 rounds of talks were held on this island and in Haeju beginning in late August in 1961.

Chae Kwang-hui and Kim Chang-sik, who disguised themselves as crewmen of the boat carrying the delegates to North Korea, said that the talks began in late September, not in late August, that hundreds of people lived on Yongmae-to-to, and that in ebb tide trucks can travel between the shore and the inland on a muddy road about 2 kilometers long.

The testimonies of Chae and Kim did not concern the substance of the talks, but give glimpses of how the contacts were made. The two said, "we are familiar with Yongmae-to because we operated there as members of Olpaek 3d Unit of the Guerrilla Army' during the war." The reason they were chosen as crewmen was that they were familiar with that island.

As to the time the talks began, Chae said, "the weather was so cold that when I surfaced from underwater after fixing a screw trouble, an icicle formed on my nose." Although his memory was somewhat hazy, he recalled that the talks began in late September.

As to the timing and place of the talks, Kang Song-kuk, one of the delegates, said: "The first round of talks was held on Yongmae-to on 28 September in 1961, and nearly 10 more rounds were held until the early part of the following year. The talks were held on Yongmae-to Island and Puldangpo close by. There were no talks in Haeju."

The delegates boarded a large speed-boat, to which a motor boat was tagged on, at 0300 in the morning and travelled for about two hours to Moru-to Island (U-to Island), where they had breakfast. The speed-boat was rented from the Inchon Harbor Command. On Moru-to the party switched to the motor boat and travelled for one hour or so to Yongmae-to.

After identifying themselves with signal bombs on the sea, the two sides connected their motor boats with ropes and proceeded to Yongmae-to together. They arrived at the island at 10:30 in the morning. The three-man South Korean team that disembarked from the boat consisted of two delegates and a stenographer. They drove a jeep over the hill, and at about 0500 in the afternoon came back to the landing place for return to their base in the South.

Chae recalled: "there were no civilians seen on the jetty, except for three or four People's Army [KPA] soldiers. We crewmen never got off the boat, but the KPA soldiers asked us to pose with them for a souvenir shot and boasted of the developed sight of Pyongyang by showing us a pictorial carrying pictures of high-rise buildings in the downtown."

Those who attended the talks said that surprisingly North Korea pinned much hope on the political talks and showed a very positive attitude toward them, and expressed regret when the talks broke up. Kim Sok-sun, one of the two delegates who died in 1991, told the same story to his family over and over again when he was alive.

Hwang Tae-song, Secret Emissary

The eldest son of Kim Sok-sun quoted his father as saying, "despite the slow pace of the talks throughout, the North Korean side was always amicable and actively showed its desire for national reunification to the very end."

According to the son, each time North-South talks took place from time to time afterwards, his father used to express his regret by saying, "we could have reunified the country at that time, but we missed the best chance."

The son said that shortly after his return from North Korea, his father spilled the beans about the secret talks during a drinking bout, and consequently, was taken to a security agency for interrogation, however. Following this ordeal, the Kim senior kept the details of the talks secret from even his family. The son quoted his father as saying, "the talks had to be kept secret because if they were exposed, it was feared that Pak Chong-hui might be charged with being a Red."

That North Korea showed a positive attitude toward the talks has also been confirmed by Wang. He said, "we were surprized because as the talks proceeded, the North Korean side proposed that the talks be upgraded to a ministerial level."

Wang said: "At the beginning stage of the talks, the North Korean side was already skeptical about the authenticity' of the South Korean delegation. They used several other methods' to test the weight that South Korea attached to these talks."

According to him, North Korea dispatched two agents to South Korea and let them surrender themselves to the South Korean authorities, with the instruction to expose the facts about the talks in a furtive way, in order to see how South Korea would react. Pak Chong-hui, Wang said, was informed of the substance of the exposure, and anyway the two agents returned "safely" afterward.

The Hwang Tae-song case happened under these circumstances.

Hwang Tae-song, vice minister of the North Korean Ministry of Trade, came down to the South in August 1961. He was a friend of Pak Hui- sang, who was Pak Chong-hui's elder brother and the father-in-law of Kim Chong-pil. Hwang was arrested on 20 October 1991 while trying to meet Pak Chong-hui and Kim Chong-pil through Kim Chong-pil's mother-in- law. The North Korean spy asked for an arrangement to meet the highest man in authority in the South and the KCIA director! It was a moot question from the beginning whether he was a spy or a secret emissary. During his recent press conference, Kim Chong-pil asserted that "Hwang came to the South to negotiate," thereby corroborating the fact that he was an emissary.

If so, why he came down as an emissary at that of all times? Despite the denial by Kim Chae-chun and other persons concerned in those days, the only interpretation possible is that the purpose of North Korea must have been to sound out the attitude of the highest persons in authority in South Korea toward the South Korean proposal to the North for political talks.

Kim Chong-pil Should Testify

The political talks continued into early 1962 before it broke up. In this regard Wang said: "when the talks stalled over the two sharply conflicting demands—the North Korean demand for a package settlement and the South Korean demand for a step-by-step settlement, North Korea proposed that the talks be upgraded to a ministerial level, apparently because it had come to the conclusion that it would be futile to continue the talks as they were."

"However, we were of the opinion that if the talks were to be upgraded to a ministerial level, it would be difficult to keep the U.S. intelligence agency off the scent, and besides there was no way to secure the safety of our delegation. In addition, acting on our judgment that the revolutionary government had now entered a period of stability, and that our original purpose of collecting information, that is, our goal in holding the talks, had now been fulfilled as intended, we suspended the talks after proposing that "a cooling period be set aside."

The tangible outcome of the talks included two North Korean propaganda films that our delegation brought from North Korea, namely, "Pyongyang in Bloom" and "Our Resplendent Fatherland," depicting the development of North Korea. North Korean gave these films to the South Korean delegation to boast of its own industrial development, but they were good materials for the South in assessing the theretofore unknown state of development in North Korea.

Wang recalled: "At that time, the films were shown to the cabinet in presence of Pak Chong-hui, who was very envious of North Korea's development. I remember he said to his ministers, "we should surpass them as soon as possible." According to Wang, the idea for the South Korean movie "Our Eight Provinces in Flower," filmed in 1970, came from these North Korean films. The movie, starring Kim Hui-kap and Hwang Chong-sun, depicts the development of our industry as the hero and heroine tour the country visiting their children living scattered all over the country.

Kang Song-kuk, one of the delegates, was a professor at Kyonghui University before elected to the second Seoul municipal assembly in 1960. Subsequently, he fell under the law on political restrictions following the 16 May military coup. After returning from the talks in North Korea, he became secretary general of the Republican Party Seoul municipal chapter. He is now a clergyman in Inchon after serving as a Korean Broadcast System (KBS) commentator and president of Haedong Fire and Marine Insurance Co.

As pointed out earlier, Kang feels unpleasant over the fact that he and the other partner are being regarded as HID agents. He said, "we had been to North Korea at the risk of our lives, for the cause of peace and reunification of our country. Do they think I was in such straits that I had to become an intelligence agent?"

Collection of Intelligence, Not the Purpose

Kang Song-kuk said, "when someone came to see me to propose that I be a delegate, I turned it down saying, I would not trust it unless it bears the signature of Chairman Pak [Pak Chong-hui]." He said—and his statement is of profound significance—that "As for the nature of those talks, Kim Chong-pil, one of the persons who came up with the idea, should be well aware of it." His statement suggests that the purpose of the talks was not, as claimed by Wang, merely the "collection of intelligence information," but there was "something more." Commenting on Kim Chong-pil's refusal to deny the fact there were the talks, Kang said, "he refuses even at this time..." He then said, "as long as he does not speak first, I won't speak either."

The political talks in 1961 came to an end as described above. The fact itself that the political talks were held, along with their substance, has been brought to light for the first time in 30 years. But the purposes and intentions in proposing those talks are still kept under wraps.

Kim Chong-pil and Yi Chol-hui, who hold the key to the secrecy, keep mum. Yi seems to have had an agonizing thought as to whether or not to divulge the secret. He still hesitated even after he opened his press conference. But as if he made up his mind finally, he said: "I do admit that there were the talks. But regarding the purposes and substance of the talks, I am not in a position to discuss them now. He closed his mouth with these words: "The person in charge of national intelligence has an obligation to carry the secret to his grave with him."

On the other hand, Kim Chon-pil first vehemently denied the fact that there were North-South contacts. But when there were reports conforming those contacts, he admitted that "there were such contacts." Pointing out that "North-South contacts on the military intelligence level were held from time to time," he said that he wondered why the press was making a mountain out of a molehill, however.

Tkachenko and Wang said, "There were no such full-dress North-South dialogues before 1961, nor were they resumed until the 4 July [1972] North-South joint statement." As they pointed out, it took 11 years for North and South Korea to sit together again at a conference table. North and South Korea were in an acute cold-war confrontation until their dramatic joint statement was issued in 1962.

In concluding his press conference, Wang said to the press: "Chong Hong-chin, reputedly the first to have been to North Korea, had dinner with other leaders of the KCIA upon his return from North Korea. At the gathering, he said, "when I was in the North, I heard about some very strange story." So saying, he began to speak of his experience in the North.

Chong Hong-chin quoted his North Korean counterpart as saying in a reminiscing mood, "if the 1961 talks had continued, the North-South dialogues must have progressed a lot, but to our regret, they did not." Saying he did not make head or tail out of it, Chong asked if anyone at the dinner had any idea of what the North Korean meant. Wang said he pretended to know nothing about it, but he said to himself, "Ah, this fellow's counterpart was the one who was involved in the 1961 talks."

We were unable to corroborate Wang's statement, however, because Chong Hong-chin denied it by saying, "I cannot recall what I allegedly said," for his memory is fuzzy about what happed 20 years ago.

Wang was working in the KCIA when the 4 July joint statement was issued. At that time Yi Chol-hui, who directed him during the 1961 secret talks, was also transferred to the KCIA as assistance chief of intelligence. Wang asked, "what does all this signify?"

Intelligence, Motive of 4 July Joint Statement

Wang said, "it was me and Yi Chol-hui who drew up the plan for the North-south joint statement, and we proceeded with the high-level talks for the intelligence purposes as was the case with the 1961 political talks."

Wan said: "we did not know what kind of person Kim Il-song was, who were the people surrounding him, and what their temperament was. Intelligence operations directed at North Korea virtually came to a halt beginning in 1970. From the beginning, we did not expect that reunification was possible before Kim Il-song died, and we were hungry for information. That is why we called for high-level talks as North Korea did in the 1960's. This can be substantiated by the words in the first line of the plan we drafted in those days, which says that the high-level talks are aimed at obtaining intelligence information."

Wang devoted all his life to intelligence work. From his point of view, everything could be for intelligence purposes. But those in the high level of authority who assigned him those tasks may have had other political purposes. This speculation is possible from the fact that while belatedly admitting the fact that there were contacts with North Korea, Kim Chong-pil refuses to divulge the secret.

It is dangerous therefore to take Wang's claim 100 percent at its face value. Nevertheless if by any chance his claim is true, the North-South talks which took place in the 1960's and 1970's will need to be downgraded to the level of talks intended for intelligence purposes from the beginning, with no desire to achieve "reunification." This argument may be supported by the fact that the South Korean side ruptured the talks in 1961.

The question remains: Did South Korea really use North Korea politically and make a fool of it by taking advantage of the talks?

* Campaign Strategies of Presidential Candidates

* DLP's Kim Yong-sam

932C0011A Seoul CHUGAN CHOSON in Korean 24 Sep 92 pp 10-13

[Article by reporter U Chong-chang: "DLP: Public Relations Under Unitary Control; Diversity in Organization, With Public and Private Groups Acting Separately"]

[Text] "The head and tail are moving separately."

These are the words describing the current mood of the DLP over the presidential campaign for its candidate, Kim Yong-sam, at a time when there are only three months left before the presidential election takes place. Persons with the RDP background and other Kim Yong-sam supporters are quickly on the move for achieving victory in the election, whereas those with the DJP or NDRP background and other anti-Kim Yong-sam elements are indifferent to the electioneering, feeling no sense of urgency.

As for Kim Yong-sam supporters, they are more concerned about "how to gain advantage over my opponent in the party" than "how I can better contribute to realizing the Kim Yong-sam administration."

Such being the mood of the party, no specific election campaign strategy has been adopted as of mid-September. No set publicity measures have been worked out yet, nor has there been a selection of members of the election campaign policy headquarters, the core command center for the campaign.

The only visible change is that the dual arms of publicity machinery, public and private, were integrated into the party's Public Relations Committee in the middle of August, and that 13 campaign planning groups have been organized under the party secretary general. The rest of the campaign machinery is out of coordination, with the "head" and "tail" moving separately, with no formal unitary control.

Party president Kim's intimates are well aware of this mood of his party. They feel that if a campaign headquarters is put into action too early, it would be likely to overheat the presidential race, and the party president does not want this prospect. For this reason, they do not make much of the indifferent mood in the party. They are optimistic about the prospect that when the election race starts, however, it will fire up partisan enthusiasm because the election is a battle without the use of arms. The Kim Yong-sam intimates think that the race will begin in October, at the latest.

Organization, public relations, and money are the three great ingredients of election. Of these, public relations are the area to which the Kim Yong-sam camp gives the first priority as of this moment, and in which it is most active now. Public relations activities are not so visible as activities for organizational expansion, and are less in danger of being exposed to acute public scrutiny. Originally, there were two branches of the Kim Yong-sam camp's public relations machinery. Although the party has its propaganda bureau, an official party propaganda machinery, the candidate Kim set up the Public Relations Committee headed by Pak Kwan-yong, an assemblyman with the RDP background, in the middle of July. All the committee members are from the RDP faction or otherwise Kim Yong-sam supporters. Thus the public relations functions were divided into two, public and private.

On 7 August the candidate Kim let the party absorb this committee and change its name to the "Public Relations Committee" (with Assemblyman Pak Kwan-yong as its chairman). Subsequently, three subcommittees—the press and public relations, the public relations planning, and the speech writing—were set up under the new committee. The Public Relations Committee has swung into action in full steam, holding weekly meetings on Wednesday.

Each subcommittee is mainly made up of journalist-turned assemblymen. Of the three, the Press and Public Relations Subcommittee is a veritable "press measures working group" with the office of the party spokesman and the party's media and information office under its control. Its members are: Assemblymen Choe Pyong-yol, Yi Ung-hui, Kang Yong-sik, and Kim Ki-to; former Assemblyman Yi Sang-ha; Special Political Assistant O Yin-hwan (former member of the HANGUK ILBO editorial board); and Yi Won-chong. Yi Won-chong is its secretary general.

The public Relations Planning Subcommittee, together with the party's Bureau of Propaganda, prepares private publicity materials for Kim Yong-sam. Its members are: Assemblymen Kim Tok-yong, Cho Pu-yong (secretary general of the subcommittee), and Yi In-che; and former journalists Ho Sul and No Chae-song. The Speech Writing Subcommittee drafts speeches for Kim Yong-sam. Its members are: Assemblymen Choe Chae-uk, Kang In-sop, and Kim Chung-wi; former Assemblymen Yi Chong-yul and Han Sung-su, Cho Nam-cho; and Special Assistant for Public Relations Yi Kyong-chae (former member of the TONG-A ILBO editorial board).

Members of the Public Relations Committee are the heavyweights who were renowned editors in chief or members of the editorial boards of newspapers in the past. The committee uses the same office on the seventh floor of the New Seoul Building, the same building that the Committee for Kim Yong-sam as DLP Presidential Candidate used when the DLP held an election to nominate him as its presidential candidate.

Normally, this kind of public relations committee swings into action after an election campaign policy headquarters is organized, and carries its activities under its charge. But the Public Relations Committee is already on the move although the election campaign policy headquarters is yet to be organized. This is indicative of the candidate Kim's keen interest in public relations.

What the Kim Yong-sam camp is most concerned about is "the public sentiment." Organization and money come after that.

The reporter asked one of Kim Yong-sam's trusted aides who is active as a key member of the Public Relations Committee, this question: "Who is the most powerful opponent?" The question was raised with DP Candidate Kim Tae-chung and RNP Candidate Chong Chu-yong in mind. But he gave a surprise answer.

He said it is not Kim Tae-chung, nor Chong Chu-yong. He pointed out that "how to overcome the public sentiment against the two Kims is the key to the outcome of the coming presidential election." "What counts most in the coming presidential election," he said," is not a specific candidate or party, but the public sentiment."

Pointing out that he is not in a position to give responsible answers under the circumstances when the DLP has not yet worked out its formal campaign strategy, he gave the following explanation of the public relations strategy as conceived by him privately:

"There is a tendency toward viewing the coming presidential election as a showdown between Kim Yong-sam and Kim Tae-chung, but my opinion is different. According to public polls, either Kim Yong-sam or Kim Tae-chung fails to muster the support of the majority of people, with their rates of support being approximately 30 and 20 percent, respectively. That the 40 percent of eligible voters are undecided is in essence indicative of the public sentiment against the two Kims. The public opinion—the opinion that if power is entrusted in either of the two Kims, the country will fall into ruin—poses the most formidable obstacle.

"In order for Kim Yong-sam to overcome this obstacle and emerge victorious in the presidential election, he must appeal two things to the public. One is the presentation of a realistic plan for steering the country when he comes into power. Kim Yong-sam's perception that our country is afflicted with the Korean disease will be the starting point in this plan. In this regard, Kim Yong-sam will have to present nothing but practicable campaign pledges in the future. The other is the emphasis that if the DP or the RNP, namely, a minority party, comes into power with the DLP accounting for a majority of the seats in the National Assembly, it will entail confusion as was the case with the 13th National Assembly."

Needless to say, this opinion of Candidate Kim's close aide does not necessarily represent the official strategy of the Kim Yong-sam camp. Nevertheless the view of this aide deserves attention because Kim is paying more attention to public relations than to any other areas despite his desire to prevent the presidential race from getting overheated too soon.

The other party mechanisms that are currently active in the fields related to public relations are 13 presidential campaign planning groups and the "Special Committee for Development of Presidential Campaign Policies and Pledges." The Kim Yong-sam camp organized these two mechanisms before organizing an election campaign policy headquarters to gear up for the presidential election. Party Secretary General Kim Yong-ku is in charge of the headquarters for the presidential campaign planning groups, and Party Policy Committee Chairman Hwang In-song is in charge of the special committee on campaign policies and pledges. Whereas the election campaign policy headquarters will be an operational mechanism, the campaign planning groups handle matters related to campaign planning, and the status of these groups will be determined when the election campaign policy headquarters is organized.

The 13 planning groups have no formal heads, and are each in operation under an executive secretary. They are [with their respective executive secretaries in parentheses]: the overall planning group (Assemblyman Kim Yong-chin); the organization group (Assemblyman Yi Hae-ku); the youth group (Assemblyman Ha Sun-pong); the propaganda and public relations group (Assemblyman Cho Pu-yong); the women's group (Assemblywoman Chu Yang-cha); occupation group-1 (Assemblyman Kim Chae-kyom); occupation group-2 (Assemblyman Yu Hung-su); occupation group-3 (Assemblyman Yi In-che); occupation group-4 (Assemblyman Kim Han-ku); occupation group-5 (Assemblyman Kang Sam-che); the policy planning group (Assemblyman Kwon hae-ok); the capital zone group (Assemblyman An Chan-hui); and the situation analysis group (Assemblyman Kim Yong-su).

The special committee for development of presidential election policies and pledges is a separate entity from the policy planning groups, but they cooperate with each other because of their similarities in activity. The five occupational groups have their respective domains: economic and social organizations for Group 1; noneconomic social organizations for Group 2; labor, agricultural, and fishery organizations for Group 3; religious organizations for Group 4; and cultural and art groups for Group 5.

These groups have been formally organized by the DLP in preparation for the presidential election. Separately from these groups, assemblymen from the RDP faction are assigned one or two social organizations each to deal with, under the special orders of Kim Yong-sam. These assemblymen operate in secret in the form of a private organization, and many party bureaucrats from the RDP faction are taking part in this secret operation.

In expanding the party organization, the Kim Yong-sam camp maintains a dual system of operation, with the official DLP organization and the old Kim Yong-sam private organization acting separately. As to whether these two separate systems should be integrated into one or should stay separately as they are, no definite conclusion has been reached yet. To establish a single line of command, it is necessary to integrate them into one. It is not easy to decide because only five years ago nearly 70 percent of the DLP, namely, then DJP and NDRP members, were against "Kim Yong-sam as president."

Once on a private occasion Presidential Candidate Kim himself confided, "the official party organization should be at the center of the presidential election campaign machinery, but I am agonizing over my inability to make the party organization move in a perfectly orderly fashion on account of the peculiarities of the DLP." One Kim Yong-sam intimate said, "I do not think that Kim Yong-sam's private organizations will be absorbed into the official party organizations."

Under these circumstances, the typical private organization which is the focus of attention these days is the "Headquarters for the Practice of Patriotism [HPP]," which has recently been organized with the Democratic Alpine Club [DAC] at its center. All of Kim Yong-sam's private organizations are absorbed into the HPP. The HPP is headed by DAC Chairman Choe Hyong-u.

The DAC, the core of the HPP, is actively engaged in a drive to organize 280 HPP branches throughout the country. Currently, an average of two or three branches are being organized a day. Two-thirds of the goal had been fulfilled as of mid-September. The organization of branches is expected to be completed at the end of September. The total number of HPP branches envisaged by the DAC exceeds the total number of the National Assembly constituencies (237). The current membership is 300,000. According to a DAC leader, there is a long line of applicants wishing to join.

In the HPP membership expansion drive, the DAC has come into conflict with the official DLP organization. Friction is acute particularly in the areas in which assemblymen with DJP background are the local party chapters.

In connection with the dual system of private and official organizations, the Kim Yong-sam camp is agonizing over the selection of the chairman of the election campaign policy headquarters. The names of Assemblymen Yi Chun-ku, Kim Yun-hwan, and Choe Hyong-u are being mentioned as potential candidates for the chairmanship of the campaign headquarters, but a final decision is yet to be made. Assemblyman Yi is fit for the job as far as command of practical operations is concerned, but is said to be weak in political ability and affinity.

Assemblyman Kim is said to be outstanding in political ability, but lacking in thrust for operation. Assemblyman Choe will have difficulty in controlling the DJP faction because of his RDP background.

There is another problem which is no less worrisome to the Kim Yong-sam camp than this friction. A Kim Yong-sam aide said, "it is correct to say that the fund situation is very serious," adding that "you cannot compare the scope of the current fund-raising drive with that during the 1987 presidential election campaign." He said that the government is not free to offer business rights and privileges, nor can it browbeat enterprises even if it wants to.

The same aide said, "A recent poll shows that Kim Yong-sam is ahead of Candidate Kim Tae-chung by a margin ranging from 6 to 10 percent; but these figures do not mean much." "The key to winning the presidential election," he said, "lies in how much Kim Yong-sam will be able to overcome the latent public feelings against the two Kims." He said that given the present circumstances, Candidate Kim Yong-sam, although the candidate of the governing party, is in a much more disadvantageous position than Candidate No was in the 1987 presidential election.

* DP's Kim Tae-chung

932C0011B Seoul CHUGAN CHOSON in Korean 24 Sep pp 14-17

[Article by reporter Sin Chong-nok: "Intensive Publicity on the New DJ and DP Plans; Startling Events for Youth Are in the Works"]

[Text] The DP is comparatively less active in preparing for the presidential election slated for late this year. No tightly knitted campaign machinery for the presidential election has been organized, nor have there been set up branch-by-branch special auxiliary campaign organizations. As of now, the party has not gone beyond orienting routine party operations toward the presidential election, in addition to organizing training courses for important party officials and local chapter executive officers.

The reason is that compared with the government party, the DP is inferior in terms of funds and manpower. It does not have enough money to organize a special campaign machinery for the presidential election, independently from the party organization, nor has it enough energy to organize subdivisions of such special campaign machinery.

Another reason is that inasmuch as the current campaign for realizing the elections of local government heads constitutes the most positive preparation for the presidential election, the party may feel no urgent need for a separate planning machinery.

The DP's original plan calls for establishment of its presidential election campaign planning group in August. But, it has not even selected the members of this group. Concerned party officials explain that this is because even if the election fever were stirred early, it would in no way affect the poll. The prevailing view is that even if the party had launched a presidential election planning group early, it would have made very little difference, however, except that some official party machine would have merely changed its name to campaign planning group.

Despite the outwardly calm mood, the DP looks upon the coming presidential election as the best chance for it to come into power, however. The reason is that first, through the implementation of the "new DJ plan" his hard-line image has been softened considerably, and much feedback is expected to accrue from the radical change of power within the ruling camp. [DJ stands for the name of Kim Tae-chung, D being the initial capital of his first name and J the initial capital of his middle name under the transliteration system used by the press.] It has been encouraging to the DP that it was possible to take a long-rang gambit for the presidential election. Whereas the DLP had experienced considerable pains and wasted its energy through the nomination process for the presidential candidate, the nomination of the DP presidential candidate proceeded smoothly "as scheduled."

One of the reasons there was little friction over the nomination of the DP presidential candidate was that as early as this past April, shortly after the last general election, the DP adopted the "new DJ plan" as the basic strategy for the presidential election, making it possible to swing into action early.

At the heart of the DP presidential campaign are regular party organizations, such as the presidential candidate's Secretariat, the Office of Planning, the Policy Affairs Office, and the Public Relations Committee.

The Secretariat takes overall charge of presidential election strategies. It is also the role of the Secretariat to collect information, and on this basis, analyze the political situation. The "new DJ plan" is the work of Cho Sung-hyong, senior secretary for the party president, and his deputy, Pae Ki-son. Adamantly refusing the offer of nomination in the National Constituency, Senior Secretary Cho was more enthusiastic than anybody else about the presidential election, so enthusiastic that he once said, "I am going to become the senior secretary of the Executive Office of the President straight from senior secretary of the office of the party president." He enjoys the profound trust of Candidate Kim Tae-chung, and recently he is said to get involved in fund raising efforts also. Deputy Secretary Pae Ki-son, an expert in party strategy, is expected to play a major role in the forthcoming presidential election. All basic ideas about the new DJ plan, including the idea of having Kim Tae-chung wear a handkerchief in his breast pocket.

The Office of Planning plays the role of a pollster and a "think tank." In addition to Director Yi Hae-chan and its bureaucrats, the office has an informal planning committee consisting of 15 members or so, mostly college professors and businessmen. They meet two or three times a week to offer advice. Most of the ideas recommended by them are adopted. According to Director of

Planning Yi Hae-chan, the informal planning committee includes some surprisingly prominent scholars.

The Policy Affairs Office is charged with the development of campaign pledges in preparation for the presidential election. At the center of this office are the following three assemblymen: Chang Chae-sik, who was specially selected for his present post as director of the Policy Affairs Office despite the fact he is a freshman in the National Assembly; Pak Tae-yong, formerly president of the Education Insurance Co.; and Pak Un-tae, former chairman of Miju Industries. The party has much to expect from Director Chang Chae-sik, who is familiar with the officialdom because he formerly served as deputy commissioner of the National Tax Administration and as governor of the Housing Bank. At the Policy Affairs Office, 10 or so professors meet each week to offer advice. The Public Relations Office has also informal members of the public relations committee, including professors and executives of travel companies. The party keeps the names of these informal committee members under wraps, however.

In addition, Kang Chang-song, special assistant for planning, is expected to play a salient role in the coming presidential election. During the 1971 presidential election, Kang was deputy director of the Korean Central intelligence Office [KCIA] with the rank of army major general and played a part in defeating the candidate Kim Tae-chung. That is why he is said to know every detail of the campaign tricks of the ruling party. His experience is very precious for the DP.

Concerned DP officials think that Kang will be very helpful in seeing which way the wind is blowing overall.

The "royalists" such as Assemblymen Kim Ok-tu and Choe Chae-sung, and assemblymen from the Honam area are one step behind the forefront as far as preparations the presidential election go. But when the election race heats up, they will become gradually more active.

In the opinion of the DP, the coming presidential election is different from the 1987 presidential election in two respects.

First, whereas 1987 was the year of political awakening, the present time marks the height of political insensibility. The influence of the dissident forces and the student activist camp have waned markedly, and their activities are not agreeable to the national sentiments. It is the judgement of the DP that whereas the opposition parties were in a inseparable relationship with the dissident forces in 1987, it is now possible to draw a clear line of distinction between the DP and the dissident forces. This situation has provided the soil in which the new DJ plan has been able to take root. Shortly before the pan-national rally in early August, Presidential Candidate Kim had an informal talk with the leaders of the student movement, during which he asked them to exercise self-restraint. After Kim Kun-tae was released from prison, Kim Tae-chung asked him for "cooperation."

Another reason the DP thinks the current situation is different from the situation which existed at the time of the 1987 presidential election is that with the emergence of post-industrial society, "cultural approaches" have become a necessary factor in election races. At a time when the generation that was born in the late 1960's and the early 1970's and grew up in the mass consumption era in the 1980's is joining the ranks of electorates, the conventional campaign methods will not work.

The DP is preparing diverse festival-type campaign events in order to get in touch with the inner mind of this generation, which values individuality and which is steeped in aesthetic culture. It plans to produce public relations videotapes for the first time. Reportedly, the placard which will be put up in the streets on or about 20 September in commemoration of the first anniversary of the party merger was drawn by a university professor of industrial design, who is a member of the DP public relations committee.

The 5 September rally in the Taejon Railway Station Plaza sponsored by the DP to condemn the government intervention in the election gives a glimpse of the festive-type campaign rallies the DP will hold in the future.

Unlike the past opposition political rallies, there were practically no slogans, battle cries, and clashes with police at the 5 September rally. These were replaced by the floating of balloons, political jokes by comedians, and the bursting of firecrackers.

Director of Planning Yi Hae-chan said, "we are preparing startling events in which we can play together with young people."

On the other hand, the "new DP plan," which has been advocated in some quarters of the party since mid-August, is having a major impact on the party's presidential election strategy. When this plan was proposed by progressive members of the party, including Yi Pu-yong, a Supreme Council member, it became a focus of attention because it was taken as and indication of the surfacing of conflict between the conservatives and progressives. As the view that the new DP plan plays a complementary role for the dead ground of the new DJ plan, namely, the lost determination for renewal, gained force gradually, the new DP plan has come to be regarded as a "companion plan" of the new DJ plan, however. What deserves attention in this connection is the outcome of the polls taken by the Party Affairs Planning Office on several occasions in the past. Overall the polls show that Candidate Kim Tae-chung is trailing Candidate Kim Yong-sam by a margin ranging from 7-10 percent. In this connection, the DP pays attention to the fact that 50 percent of the eligible voters are still undecided, and that more than half of them are youths in their 20s and 30s.

In the 1987 presidential election, the two opposition parties, the RDP and the PPD, regarded the young generation as their "allies," and in fact, were negligent in winning them over to their side. The opposition parties regarded the young generation as the manpower they could mobilize in their election campaigns rather than as a target of campaign. But the situation has changed. The outcome of the public polls confirms that the ground for regarding youths as allies has disappeared. It is being advocated inside the DP that youths should be the focus of the election campaign. Some are even going so far to say that there is no need to direct the election campaign to people in their forties or over who have a predetermined preference for particular candidates.

In this connection, Kim Min-sok, Kim Tae-chung's special assistant for youth affairs, said: "True, political distrust is strong among youths, but this may be interpreted as the demand that the political parties shed their old shells. We will win over the youth with new people and new events." Kim Min-sok is the chairman of the DP Yongdunpo, Seoul, chapter.

The DP has an idea of presenting a "new Korea plan" at the last stage of the election campaign by going beyond the new DJ plan and the new DP plan. The new Korea plan, which has no concrete shape yet, is aimed at improving the image of the DP as a party capable of taking over the reins of government, by advocating unsoiled power, an uncorrupt social structure, and nationality-based internationalism as its essence.

The DP has the greatest trouble with the fund-raising problem.

According to an unconfirmed estimate, the DP spent about 20 billion won for the 1987 presidential election. Concerned DP officials say that the DP will have to spend at least 25 billion won, and up to 60 billion won if the spending is to be more generous, for the forthcoming presidential election.

The amount it can secure officially is the 1 million won or so to be provided by the Election Management Committee as a subsidy, however. Even if it uses an on-line-system for the collection of contributions as it did during the 1987 presidential race, it would not be of much help, considering the fact that the amount so collected during the last presidential election was only 2.8 billion won. This means that the shortfall needs to be covered by Candidate Kim himself. But judging from his normal capacity of fund management, he must have already stacked up the money to cover the basic expenditures.

* RNP's Chong Chu-yong

932C0011C Seoul CHUGAN CHOSON in Korean 24 Sep pp 18-20

[Article by reporter Chong Chang-yol: "General Mobilization of Manpower of Hyundai-Affiliated Corporations To Highlight the Image of Chong Chu-yong as Economic President"]

[Text] There are three elevator doors on the main floor of the RNP Headquarters building near the Kwanghwamun intersection in Seoul. To save electricity, the elevators skip some floors, but it does not cause much inconvenience in going up and down between the third and 17th floor because each elevator operates in such a way that it skips different floors. But a careful examination reveals that there is one particular floor which all the three elevators always skip, and that is the 16th floor.

The 16th floor is accessible by only emergency stairways. There are two emergency stairways leading to each floor of the RNP building. Whereas the both entrances to the hallways on other floors are kept open, the entrance to one of the two hallways on the 16th floor is kept tightly closed. The only way for visitors to enter the 16th floor is through the only door on one of the emergency stairways.

The RNP's Presidential Election Planning Group is located on this 16th floor, access to which is strictly controlled. This is where the group works out the game plan for electing Candidate Chong Chu-yong as president and is carrying out diverse map exercises.

The interior of the 16th floor housing the Presidential Election Planning Group is off-limits, even to the press. When a visitor opens the door to the hallway on the 16th floor, he will come face to face with the control officer sitting at the desk. When the officer thinks the visitor has a legitimate business, he issues a special vistor's pass. The visitor then is led to the reception room. The reception room is as far as visitors are allowed to go.

According to party officials, the RNP is particularly concerned about the secrecy of the Presidential Election Planning Group because it has many problems due to its being a new party. Despite its participation in the last general election, the RNP has little experience in election and it has many disadvantages, such as its inadequate infrastructures. The only way to stir up the "Chong Chu-yong wind" under these circumstances is to come up with startling election pledges and colorful campaign programs. For these "surprise shows" to be effective, secrecy is the most important factor. Few in the party know much about the Presidential Election Planning Group because of its thick veil of secrecy.

The Presidential Election Planning Group was officially started on 1 August. The selection of its members are said to have been made in July. This group, as its name suggests, is only in charge of the overall planning of electioneering. There are two separate executive apparatuses, namely, the Election Policy Committee and the Election Headquarters.

Supreme Council member Kim Kwang-il is the director-general of the Presidential Election Planning Group, and under him there are three deputy directors: Yun Yong-tak, chairman of the RNP Policy Committee; Cha Su-myong, senior secretary to the party president; and Yi Pyong-kyu, special assistant to the party president. By function, the Presidential Election Planning Group is divided into nine sub-groups.

First comes the Office for Support for the Candidate, headed by Kim Han-kil, special assistant to the party president for public relations. This office manages the image of the candidate Chong Chu-yong. To improve Chong's image appearing in various media and at mass rallies, this office deals with "embellishment," such as the makeup and dress. Acting on its judgement that the removal of the blotches on Chong's face has been very effective in improving his appearance, it is trying hard to "make the candidate Chong look younger." The office will be responsible for canvassing in support of the candidate when the campaign gets into high gear. Director Kim handled the party's public relations activities through broadcasting media before being promoted to "image maker" for the candidate Chong. He is also a novelist and the author of the long novel *The Man of the Woman*.

The Office of Public Relations and Propaganda is in charge of public relations for Chong. It is headed by Yi In-won, special assistant to the party president. Yi, originally a broadcaster, was the first RNP spokesman. One of its business is to collective materials for negative publicity against the other candidates. The Office for Adjustment of Public Opinion, headed by Pong Tu-wan, chairman of the party convention, is charged with the duty to find out how organizations at all levels support the ruling party's candidate and how they are trying to hold Chong Chu-yong in check. The Office of Canvas Planning coordinates the schedules and makes all preparations for Chong Chu-yong's campaign tours, including his participation in the inaugural meetings of local party chapters. It is under the charge of Cha Song-mun, the director of the canvassing support group.

The Policy Development Office, which may be regarded as the core of the Presidential Election Planning Group, is under the charge of Yu Chong-yol, director of the No. 5 Policy Office. It concentrates on developing "realistic and concrete" pledges which can attract the attention of the public. Hyundai Economic and Social Research Institute, a research arm of the Hyundai Group, is said to assist in the business of the office for policy development by offering various ideas connection with mapping out policies. Director Yu is one of the very few scholar-turned party bureaucrat. He was a professor at the School of Political Economy, Kyonghui University. He ran for the 14th general election, but lost.

Offices of Organization No. 1 and No. 2 are headed by Chong Chang-hyon, first assistant secretary general; and Kim Yong-il, second assistant secretary general, respectively. Office of Organization No. 1 is in charge of managing electioneering by party organizations, such as local party chapters; and Office of Organization No. 2 deals with organization and management of special groups, such as women and youth. It is the duty of Office of Organization No. 2 to mobilize the public in various party-sponsored events.

The Office of the Expert Guidance Council manages Chong Chu-yong's private organizations and execute his special orders. Kim Chong-sik, special assistant to the party president, is the director of this office. The Office of Planning and Management, headed by Yi Nak-kyong, director of the Situation Analysis Office, is in charge of overall operation of the Presidential Election Planning Group, including providing manpower.

In addition to these official apparatuses, there are separate teams dealing with specific projects related to the presidential election. The details of their activities are kept under wraps, however.

Among the leading members of the Presidential Election Planning Group are many of the "Hyundai men" who enjoy the special trust of Chong Chu-yong. They are: Yi Pyong-kyu, its deputy director; Yi Nak-kyong, director of the Office of Planning and Management; Kim Chong-sik, director of the Office of the Expert Guidance Council; and Sa Song-mun, director of the Office of Canvas Planning.

Of these Hyundai men, Yi Pyong-kyu, deputy director general of the Presidential Election Planning Group, is the powerful man who is in overall charge of the funds for the activities of this group. He keeps contacts with the directors of the various offices under his group and allocates campaign funds to them. Chong Chang-hyon, director of Office of Organization No. 1, who was originally among the prospective candidates for director-general of the Presidential Election Planning Group, exercises much influence among the staff of the Presidential Election Planning Group. He was formerly a managing director of Hyundai Engineering and Construction Co. and the president of Kumgang Development Co. He enjoys the confidence of Chong Chu-yong, and is among the few who can directly speak to Chong. He was elected to the 14th National Assembly ranking seventh from the top in the National Constituency.

Kim Chong-sik, director of the Office of the Expert Guidance Council, enjoys the confidence of the candidate Chong, as apparent from the fact he is in charge of projects specially ordered by Chong. Kim was recently named as special assistant to the party president for the Honam area while working as managing director of Hyundai Heavy Industries Co. Sa Song-mun, director of the canvas support group was a manager of the Office of Culture under the Hyundai Group and was formerly in charge of planning for the inauguration of the RNP. Shortly after the inauguration, he was the director of the RNP Bureau of Organization. In addition, Pak Se-yong and Song Yun-chae, special assistants to the party president, was originally to have been assigned important duties in the Presidential Election Planning Group, but the plan ended in smoke because they were arrested in connection with the tax evasion case involving Hyundai Merchant Shipping Co. Pak was president of Hyundai Corporation, and Song was president of Hyundai Merchant Shipping Co. Upon his release from prison last month, Pak was reinstated in the party bureaucracy. He is expected to be assigned an important position in the Presidential Election Planning Group.

Recently, the weight of Hyundai men in the Presidential Election Planning Groups has increased still more as Hyundai officials with the rank of acting department directors joined the group as its medium-standing working-level officials. For this reason, some party bureaucrats with political backgrounds are unhappy about the Hyundai men who take charge of the campaign work.

The Presidential Election Planning Group holds a regular meeting, chaired by Director General Ki Kwang-il, at 0600 every morning. The directors of its sub-groups attend this meeting without exception. Chong Chu-yong attends the meeting only when he has a specific instruction to make. Normally, he gets reports on the various ideas and strategies discussed after the meetings took place.

The RNP plans to push its presidential campaign strategies in roughly three stages. They are: closing its own ranks in the early stage; stepping up contacts with the public in the middle stage; and making all-out efforts for publicity near the election day. Under this schedule, the Presidential Election Planning Group has set the improvement of Candidate Chong's image and the strengthening of the party organization as two major tasks.

The efforts to improve the candidate's image are focused on planting his image as the "economic president" by highlighting how he rose from a lowly worker to the richest man in the country. It may be viewed in this vein that despite the criticism of premature electioneering, the RNP has persistently mobilized Hyundai-affiliated firms to provide industrial inspection tours. These tours have been conducted in Ulsan and the Asan Bay, where the party can show off Chong Chu-yong's personal "achievements." In addition, the showing of publicity movies featuring Chong Chu-yong and the distribution of copies of his autobiography are part of the regular menu of publicity. All this points to the focus of the campaign. In industrial inspection tours, over 80,000 people took part on 870 occasions from January through July this year. The RNP is to sponsor a marathon race for its party members in late September for the purpose of raising the "Chong Chu-yong wind." Over 4,300 runners selected by local party chapters will participate in a relay race covering the distance from Chuche to the Imjin Pavilion, with the RNP flag fluttering in front. Party President Chong himself plans to run a distance of 2 kilometers.

The campaign strategy also places emphasis on the task to bring the RNP into focus as the only policy-oriented party capable of resolving economic difficulties, by presenting various campaign pledges. Under the judgement that the pledge to "make apartments available at half prices" proved effective in the recent general election, the party plans to present similar "generous pledges" in the coming presidential election. Spending Candidate Chong's private wealth to write off farmers' and fishermen's debts is being discussed as one of the possible generous pledges along with other measures, but nothing concrete has come up yet. Beginning in October, some Hyundai affiliates plan to change the method of payment to subcontractors and associated firms from drafts to cash, and this is also considered part of the RNP's presidential electioneering strategy to marshall support of medium and small businesses.

As in the last general election, the RNP plans to launch a large-scale publicity campaign by mobilizing its resources to familiarize the public with its policy pledges. Hyundai affiliates have already singed ad contracts with major daily newspapers. The party is said to have completed all preparations for the publicity campaign. Reportedly, it was thanks to the advance advertising contracts that the RNP was able to quickly put ads on the media in rebuttal to the charges related to the recent controversy over the mobile communications project and the case of government interference in electioneering. The RNP plans to spend more than 10 billion won for publicity.

The RNP trails other parties in terms of organization, and to bolster the weak party organization is an essential part of the presidential election strategy. The party plans to organize or reorganize 40 or so local chapters in September and wind up the retraining of the staff members of the secretariats of its municipal and provincial branches. The training has been going on since July in order to fully consolidate the party organization. The RNP claims that its party membership has rapidly expanded since the last general election, with its membership now reaching 3 million on the application basis. Particularly in the Honam area, it has 500,000 members, overwhelmingly surpassing the number of DLP members there.

It is a matter of interest how far the RNP will go in mobilizing Hyundai's organization in the coming presidential election. In the past one month the RNP has assigned over 200 department directors and deputy directors and section chiefs of Hyundai affiliates to local chapters as "assistants to the chapter chairmen," an indication that it plans to actively utilize Hyundai's manpower and organization in the coming presidential election. The assignment of Hyundai officials to local chapters is aimed at "keeping an eye" on the lose fund management in local party chapters, and for this reason some local chapters are unhappy about it.

The signs that the party intends to use Hyundai's organization in the presidential election are visible in various other ways. Hyundai Motor Co has opened a 40 additional sales offices since June, and this is understood to have stemmed from the strategy to use the sales offices for the collection of information on public opinion and for publicity purposes in preparation for the presidential election. Some time ago Hyundai Marine and Fire Insurance Co. employed on a special basis over 100 devoted women members of various local party chapters as insurance agents. They will receive training at Hyundai Manpower Development Institute and other organizations before being put to work as public relations personnel for the presidential campaign.

New Party May Dissolve if No Candidate Found

SK3010122692 Seoul YONHAP in English 1136 GMT 30 Oct 92

[Text] Seoul, Oct. 30 (YONHAP)—The New Korea Party (NKP) will convene a leadership meeting Sunday to decide whether it would field a candidate for the December presidential election, political sources said Friday.

They said that if the nascent party failed to find its candidate sooner or later, it was likely to dissolve even before beginning to inaugurate the district chapters.

The NKP started searching for the party's standard bearer after Daewoo Group chairman Kim U-chung announced Thursday that he would not run for president but to no avail.

"We will not only try our best to find the nationally-backed figure as our presidential candidate over the weekend but push for the formation of district chapters," Chang Kyong-u, spokesman for the NKP Preparatory Committee, said.

The NKP decided to continue its efforts to pursuade former prime minister Kang Yong-hun to accept its presidential candidacy but Kang is sure to reject the offer.

Some opinions arose within the NKP that Rep. Yi Chong-chan could become a presidential candidate but party leaders such as Reps. Yi Cha-hon and Pak Chol-on were opposed to the idea, making the future of the NKP grim, the sources said.

Yi Chong-chan who bolted from the majority Democratic Liberal Party was also learned to have no intention to run in the presidential election this time.

Report Notes Exchange Rate Policy Mismanagement

SK2710093192 Seoul THE KOREA TIMES in English 27 Oct 92 p 10

[Text] The International Bank for Reconstruction and Development (IBRD) concluded in its latest report that Korea's exchange rate management failed from 1985 through 1989.

Seoul's mismanagement of exchange rate policy, it indicated, resulted in the slowdown of the necessary industrial structural adjustment and overheating of the economy.

The IBRD said that Korea's reluctance to allow appreciation of the "undervalued won" during 1985-1988, effectively delayed the necessary structural adjustment in export and manufacturing sectors. Korean firms neglected medium-and long-term investment in structural adjustment as exports of traditional labor-intensive industries increased very fast mainly due to the undervalued won.

It also should be noted that the rapid appreciation of the won by 27 percent in terms of real effective exchange rate during 1988-1989 diverted resources towards the non-tradable sector by squeezing the profitability of the export sector and hence contributed to the overheating of domestic demand during 1990-1991.

It noted that the appreciation of the won should have been allowed earlier in a gradual and steady fashion and that the current account surplus should have been used for technology and manpower development.

The IBRD recommendation also reflects its dubious view of Korea's liberalization of capital inflow and outflow.

The IBRD said that an alternative option for Korea to ease its overheating of the economy is to "accelerate the pace of capital account liberalization." It revealed that this approach will allow foreign capital inflow and appreciation of the won.

Furthermore, the acceleration of the pace of deregulation of capital inflow and outflow could enable Korea to narrow the investment-savings gap and lessen inflationary pressure, the IBRD said.

Experiences of Japan, Taiwan and China since the mid-1980s showed that appreciation effectively contributed to successful industrial restructuring, it said.

But this approach would have a negative aspect, it said, adding that if combined with high wage increases, the acceleration of the pace of capital account liberalization would seriously damage the competitiveness of labor-intensive small and medium industries. It would also depress exports and result in an increase in external debts, the IBRD said.

Deciding the optimum pace of liberalization of capital inflow and outflow is one of the core issues that the Ministry of Finance has been preparing to chart its long-term blueprint for financial market liberalization and market-opening, to be unveiled around the end of this year.

The IBRD said the issue of policy loans needs to be evaluated carefully for effective financial liberalization. It said the share of policy loans accounted for 46.3 percent of total domestic credit in 1990, compared with 39.3 percent in 1985.

It said interest rate differentials between policy loans and general loans are not expected to shrink for the time being as the deregulation of policy loan lending rates is scheduled only in the third phase (1994-1996) of the interest rate deregulation plan.

The IBRD said Korea should strengthen its supervision system to ensure financial discipline. "While financial sector liberalization is expected to bring about long-term efficiency gains through better resource allocation, without proper supervision, it may cause a serious adverse selection problem (i.e. lending to projects with higher risks), since commercial banks are not yet capable of making loans based on credit analysis."

For successful financial sector liberalization, efforts should be made, among others, in promoting open market operations, carefully evaluating the issue of policy loans, establishing systematic bank supervision and prudential regulations and ensuring financial discipline by making loans based on rigorous credit analysis, the IBRD said.

In its report, the IBRD said that despite the recent symptoms of "growing pains" in the process of transition to maturity, the Korean economy continues to prosper. Less can not be said about an economy that has grown at an average rate of 10 percent during the last five years, seen per capita income grow by four thousand dollars to 6,500 dollars in the current dollars and become the world's 12th largest trading nation in the process.

"However, this is not to say that such prosperity has come smoothly and without cost. Korea has experienced wrenching labor strife in recent years and presently suffers from a case of overheating," it said. Korea also faces challenges in the areas of labor, trade, finance, technology and social welfare, the IBRD noted.

The real challenge is whether Korea will be able to join the ranks of industrialized countries by the end of this century as the government envisages, the IBRD said.

It noted that this will depend on how successfully Korea can resolve a number of problems of which the most significant are; (1) how to establish harmonious labor-management relations and resolve the labor shortage problem, (2) how to further liberalize the economy, especially in the agricultural sector and the financial sector, (3) how to accommodate industrial restructuring smoothly, (4) how to enhance equity without undermining growth potential and (5) how to balance continued growth while avoiding environmental degradation.

Brunei, Malaysia & Singapore

Malaysia

Debts Unaffected by World Currency Crisis

BK2810122892 Kuala Lumpur BERNAMA in English 1110 GMT 28 Oct 92

[Text] Kuala Lumpur, Oct 28 (OANA-BERNAMA)—The crisis in the international money market in the wake of the European currency problems has no adverse effect on the country's debts.

Deputy Finance Minister Loke Yuen Yow said Wednesday, the government constantly monitored developments in the international money market and took appropriate action to ensure that the country's financial position and national debt did not have an adverse impact on the country's development.

Up to June 30, foreign loans stood at M$41.1 billion (about US$16.44 billion).

Econonomic Growth Spurs Infrastructure Expansion

BK3010101492 Kuala Lumpur BERNAMA in English 0415 GMT 30 Oct 92

[Text] Kuala Lumpur, Oct 30 (OANA-BERNAMA)—Malaysia's rapid economic growth in recent years has spurred the expansion of infrastructure facilities for all modes of transport, while increasing utility consumption both in households and the industrial sector.

From 1981 to 1990, the national road network was extended by a significant 84 percent from 27,700 km to 50,480 km with emphasis on paved roads, the 1992/93 economic report issued by the treasury said Friday.

An efficient framework was needed as road transport accounted for nearly 90 percent of the total freight movement in the country, the report added.

With completion of the North-South Highway by 1994, the road network along the west coast of peninsular Malaysia would be substantially increased, it added.

It said the rapid expansion in the industrial sector, resulting from the robust growth in the late 1980s, had led to an increase in demand for freight transportation by road, especially by lorry.

The wholly government-owned Malayan Railway (KTM), poised for a takeoff in the near future following privatisation and expansion plans, is expected to contribute significantly to the development of the transportation system in the country, it added.

During the 1981-1990 period, KTM passengers increased at an average of 1.2 percent and cargo at 2.5 percent.

The report said demand for air travel, which also rose sharply within the period, was still rising rapidly due to higher living standards. There was a higher demand for air cargo space, also as a result of industrialisation.

Passenger and cargo turnover between 1981 and 1990 rose sharply at an average of 6.7 percent and 14.6 percent respectively. To meet the demand for air transport, a new international airport in Sepang was being built with the first phase of the project scheduled for completion in 1996/97.

The government was also giving emphasis to further develop and upgrade existing shipping capacity, while demand for container haulage services had been rising for the last few years.

Efforts were being undertaken by the government to privatise port services and facilities, which handled almost 80 percent of the nation's foreign trade, and cargo passing through have tripled from 32.3 million tonnes in 1981 to 99.9 million tonnes in 1990. [sentence as received]

Economy Said Close to 'Full Employment'

BK3010101892 Kuala Lumpur BERNAMA in English 0405 GMT 30 Oct 92

[Text] Kuala Lumpur, Oct 30 (OANA-BERNAMA)—With an unemployment rate close to four percent, including the inactive job seekers, Malaysia's economy is now considered operating almost at full employment.

Under such a tight labour market plus inflation, pressures for increases in wages are expected to continue in 1992, according to the 1992/93 economic report released by the Treasury Friday.

The country's inflation rate, as reflected by the consumer price index (CPI), has been found to have increased this year compared with last year.

The unemployment rate was estimated at 4.1 percent as at the end of August this year, compared with 4.3 percent for the same eight-month period last year, the report said.

"If the inactive job seekers are excluded, then the unemployment rate is much lower and therefore, the economy is operating almost at full employment," the report added.

An economy is considered to enjoy full employment if the unemployment rate dips below four percent.

The treasury expects a favourable generation of employment in 1992 following a sustained growth in economy this year.

It estimated 211,200 jobs—an increase of 3.1 percent—to be created, giving a total employment of 7.1 million persons in 1992, thus pulling down the unemployment rate.

In comparison, the number of jobs created for last year was 227,900, an increase of 3.4 percent from 1990.

With the economy operating close to full employment, the report said Malaysia was experiencing labour shortage in its plantation, construction, manufacturing, and services sectors.

Apart from the shortage of skilled and unskilled workers, the treasury listed occupational and geographical immobility of labour as other factors pressing for higher wages.

The report also listed higher pay hikes as among factors contributing to the increase in inflation rate.

Other factors reflecting the increase in the inflation rate were the strong pick-up of the economy in the last five years, rapid growth in domestic demand, rising cost in production, and strong growth in money supply.

Shows 'Robust' Growth

BK3010102692 Kuala Lumpur BERNAMA in English 0438 GMT 30 Oct 92

[Text] Kuala Lumpur, Oct 30 (OANA-BERNAMA)—Malaysia's economy continues to grow at a robust pace of 8.5 percent in 1992, although slightly easing off from 8.7 per cent in 1991, but with a big drop in imports.

The 1992-93 Treasury Economic Report released Friday said the Gross National Product (GNP), the total value of goods and services produced, is expected to rise at a faster rate of 13.8 per cent compared with 11.8 per cent in 1991.

The government's tight monetary policy, aimed at encouraging savings and reducing spending, produced the desired effect during 1992, with Malaysians buying less cars, motorcycles, television sets and refrigerators, among other things, the report said.

The sale of cars declined by 9.8 per cent during the first six months of this year, compared with an increase of 25 per cent in the same period the previous year, according to the report.

Malaysia's national per capita income is expected to rise further by 11.2 per cent to M$7,600 in 1992 while the unemployment rate is expected to slide further down to 4.1 per cent, a level described by economists as achieving almost full employment.

The growth of imports moderate far more significantly than the growth of exports, with the current account of the balance of payments expected to register a small deficit of M$7.9 billion or 5.6 per cent of the GNP in 1992, from M$12.5 billion or 10.1 per cent the previous year.

Imports were expected to increase by only 5.3 per cent in 1992 compared with a 26.9 per cent growth in 1991, the report said.

Due to the tight monetary policies, domestic prices are expected to stabilise at 4.6 per cent with domestic demand expected to moderate further.

It said domestic business prospects remained favourable despite some sluggishness in the overall output growth.

But the manufacturing and construction sectors have gone against the trend by continuing to chalk up double-digit growth of 13 per cent and 13.5 per cent respectively in 1992.

However, the construction sector is expected to grow moderately by 13.5 per cent this year from 14.6 per cent, due largely to a slowdown expected in the demand for residential buildings following a general increase in price and cost of borrowing.

The services sector was generally expected to remain buoyant while the agriculture and mining sectors were expected to improve, it said.

Manufacturing, which has over the last few years overtaken exports of commodities as the biggest contributor to the GNP, is expected to expand by 13 per cent, although this is lower than the 13.9 per cent growth registered a year earlier.

Given the sluggish recovery in the industrial countries, expansion of export-oriented industries moderated to 13.9 percent, largely due to a slowdown in growth of the machinery, electrical and electronic products.

But the output growth in the wood- and rubber-based as well as the textile, clothing and footwear industries continues to accelerate.

The growth in the manufacturing sector is sustained by the domestic-oriented industries which continue to grow strongly at 8.7 per cent, reflecting the continuing robust domestic demand.

The manufacturing sector's contribution to GNP is expected to increase further to 29.3 per cent compared with 28.2 per cent in 1991.

Private consumption or spending by individuals and companies, after four years of rapid expansion, is expected to slow down to a more sustainable level, up by 9.1 per cent in 1992, from a double-digit growth of 14.8 per cent in 1991.

Domestic inflation is expected to increase at a more rapid rate in 1992, by 4.6 per cent during the first eight months from 4.4 per cent a year earlier.

It said deliberate measures by the government to control inflation and promote savings helped ease some of the pressures on resources in an economy that is operating at a high level of demand.

The slow growth in imports is expected to improve the current account of the balance of payments, putting the government in a comfortable financial position.

As the demand for labour is expected to remain strong in 1992, the labour shortage problem is expected to be increasingly felt not only in the plantation and construction sectors, but also in the manufacturing and services sectors.

Several measures have been taken to ease the labour situation, including liberalising employment of foreign labour.

Treasury Warns of 'Heavy Dependence' on Petroleum

BK3010073892 Kuala Lumpur BERNAMA in English 0431 GMT 30 Oct 92

[Text] Kuala Lumpur, Oct 30 (OANA-BERNAMA)—The Malaysian Government's heavy dependence on petroleum for revenue can cause "apprehension" in the long term when the resource depletes, the treasury cautioned in its annual report released Friday.

According to its 1992/93 economic report, petroleum income tax contributed 10.4 percent to the total federal revenue between 1986-1991, compared with 12.5 percent from the previous five-year period.

Prudent and careful tax planning were necessary to ensure adequate and stable financial resources for the nation's development, it said.

Several measures were introduced in the 1992 budget, including the extension of the scope of service tax and review of certain incentives and exemptions such as pioneer status, investment tax allowance, and export abatement, it added.

These were expected to benefit the tax system from the revenue standpoint and in terms of restoring transparency to the system at large.

On the whole, the revenue performance of the federal government over the last two decades had been fair, the report said.

During the period, the federal government financed a reasonable share of its expenditure in the region of 74 percent.

The highest percentage of financing was for the 1986-91 period, which recorded 81 percent.

The report said the revenue components in the 1980s showed a shift in contribution from indirect taxes to direct taxes.

The contribution of income tax to the total federal government revenue increased from 29 percent in the 1971-1975 period to 38 percent in the 1981-1985 period, but declined to 35 percent in the ensuing five-year period.

The report said, growth profiles showed that gross domestic product (GDP) was not matched with commensurate growth in tax revenue in the 1980s.

In comparison, growth of indirect taxes in the 80's appeared to be more sluggish than direct taxes.

Possible Arms Production With ROK Explored

BK2910160992 Kuala Lumpur Radio Malaysia Network in Malay 1330 GMT 29 Oct 92

[Text] Malaysia is studying the possibility of entering into a joint venture with South Korea to manufacture arms and Army equipment. Defense Minister Datuk Sri Najib Tun Razak said today a joint committee between both countries had been formed recently to study the matter in-depth and several discussions had already been held. He was speaking to reporters at his office in Kuala Lumpur after receiving South Korean Army Chief General Kim Jin Yong who is on a three-day official visit to the country.

During the visit, Datuk Sri Najib presented Gen. Kim with the Panglima Gagah Angkatan Tentera award on behalf of His Majesty the Yang Di-pertuan Agong [paramount ruler] Sultan Azlan Shah. Datuk Sri Najib said Malaysia was interested in the arms manufacturing joint venture from the technology transfer point of view and not only the profit angle.

He also said that Malaysia was awaiting a request from the United Nations to send Malaysian troops to Somalia. The cabinet had already given approval for Malaysian troops to be sent there either as observers or for peacekeeping duties.

Singapore

Deputy Premier Discusses Ties With Malaysia

BK2910160192 Singapore THE STRAITS TIMES in English 29 Oct 92 p 1

[Text] Singapore and Malaysian leaders know the two countries have to work together and are determined not to let periodic frictions affect their bilateral relations, said Deputy Prime Minister Lee Hsien Loong.

He told the MALAYSIAN BUSINESS TIMES in an interview that as close neighbours, they were bound to have frictions but these should be seen in context.

"Both countries want to get along, both have political leaderships who have this need to work together and live together very strongly in mind, and are determine not to let periodic frictions develop into anything that will affect relations on both sides.

"It is a new generation of leaders, so a new relationship will have to be established."

He said, it would take some time to foster closer ties "but I don't think that is anything to worry about."

He noted that since Singapore left Malaysia, the two countries had gone their separate ways and grown up in different environments.

"But I think we can overcome that because on the plus side, we don't have to carry the emotional baggage of a very difficult experience of joining Malaysia and leaving Malaysia, and the early years of Singapore's independence."

Asked how he would like to see future bilateral relations develop, he replied "I hope we will get closer." The growth in Singapore-Malaysia trade in recent years had grown faster than their trade with the rest of the world, noted Brigadier General (Reserve) Lee, who is also the Trade and Industry Minister.

He said there was a growing integration of the two economies and he expected the linkages to continue expanding.

The wide-ranging interview, the first part of which was published yesterday, covered Singapore's economic and defence policies. The second part is published today in the Malaysian financial daily.

Asked why Singapore was building up its defence capabilities in the post-Cold War era, Brig. Gen. Lee said the Republic saw defence as a long-term requirement.

"We have friends throughout the region, we are on good terms with everybody in South-east Asia. But the world is unpredictable and you never know when you may be called upon to safeguard your interests.

"It takes a very long time to develop the armed forces. Therefore, it is best to do so even when there is no obvious need."

He said Singapore was upgrading its air force gradually.

"We are buying 11 F16s. We bought eight previously and we lost one. But the majority of our air force planes will still be old but refurbished A4 Skyhawks and F5s for a long time to come."

Malaysia was looking at MiG-29s and talking about Mirages and F16s for the same reasons, he added.

"You are upgrading your air force from Skyhawks, and buying Hawks in some sinificant numbers. We do not worry about that because we see that as a contribution to the defence of Singapore and Malaysia which really is indivisible."

He noted that Malaysia's Chief of Defence Force, General Mohamed Yaacob, had said that he did not consider Singapore's move to buy the F16s as a threat.

Instead he said this was a contribution to the common defence of Singapore-Malaysia air space.

"I think this is a good healthy attitude," Brig. Gen. Lee said.

Asked to comment on the US military presence in the region, he said: "We have always believed that the Americans are a benevolent influence on the region and the longer they stay the better."

Brig. Gen. Lee said there was now more discussion on security matters within ASEAN, but the six-member grouping was not a substitute for the US presence.

"It's not so much the few aircraft and ships that are here from time to time. But the fact that a superpower has an interest in the region, and is prepared to commit resources to maintain its security and tranquility, has a salutory influence on all the countries.

"It gives great confidence, not only to the governments of ASEAN, which can therefore concentrate on economic development rather than on military requirements, but also to investors and people who want to do business here, that if anything goes wrong, well, there is something to fall back upon."

Comments on Overcoming Economic Difficulties

BK3010062492 Singapore THE STRAITS TIMES in English 29 Oct 92 p 40

[Text] Singapore needs to remain competitive, tap the region, and venture offshore so as to overcome the present economic difficulties facing the world.

Deputy Prime Minister Lee Hsien Loong said this in an interview with the MALAYSIAN BUSINESS TIMES (MBT) published yesterday.

Replying to a question on how Singapore should respond to the bleak economic outlook in the world today, Brigadier General Lee, who is also the Minister for Trade and Industry, said Singapore cannot fully insulate itself because of its dependence on trade.

However, it needs to:

—Remain competitive "so that when business is slow overseas, we still get our share." In his view, staying competitive means wages, telecommunication rates, phone services, among others, "must be tiptop". "We offer an attractive environment compared with other possible investment locations so that people will still want to come here."

—Enhance linkages with the region, which is growing very fast.

"While the developed countries—America, Europe and Japan—are growing slowly, this region is growing very fast. Malaysia this year is set for 9 to 10 per cent growth. Indonesia 6 to 7 per cent, similarly with Thailand, also very high."

—Go offshore to do business in the region, which would "open an additional avenue to further stable economic growth".

Brig. Gen. Lee said local companies have already begun venturing into the region, especially into Johor where Singaporean businessmen are one of the biggest investors.

He said, however, that a more systematic approach would be desirable, and that greater focus should be placed on making use of expertise which statutory boards and government linked companies have acquired over the years.

"For example, take our Housing Board and Port of Singapore Authority—we run a good port, we have a successful housing programme and may be some of these skills will be useful to other people," he said.

Replying to another question, he said Singapore's regional orientation did not amount to a refocusing of its attention away from the Western world.

"For technology, for markets, for investment, the Western world remains a major source and the proportion has not changed...three quarters from outside the region and around a quarter from within the region," he said.

But, he added, that it was only realistic for Singapore companies moving offshore to tap opportunities available within the region rather than "to globalise without any particular focus."

"In general, it will be harder to break into the European or American markets than for us to make an impact in the Asian market. It's more competitive and complex, we understand it less well and the chances of making mistakes are greater," he said.

He added that the call to go regional was not based on cases of non-success among local companies in their Western ventures but "the realisation that there are many opportunities that have not been exploited within the region."

Cambodia

Further Reportage on Failed Tripartite Talks

Khmer Rouge Criticizes UNTAC

OW2910142592 Tokyo KYODO in English 1409 GMT 29 Oct 92

[Text] Phnom Penh, Oct. 29 KYODO—Cambodia's Khmer Rouge rebel group laced into a UN peacekeeping mission in the war-torn country Thursday for its failure to remove what it calls stumbling blocks to disarming itself.

The Khmer Rouge threw the gauntlet against the UN Transitional Authority in Cambodia (UNTAC) after an apparently foiled attempt by Japanese and Thai envoys to talk the camp into entering the second phase of a peace agreement signed in Paris last October.

The officials from Tokyo and Bangkok met Khmer Rouge counterparts at an official residence of the Thai ambassador to Cambodia in response to a recently adopted UN Resolution to break the impasse in the country's peace process.

Tadashi Ikeda, director general of the Japanese Foreign Ministry's Asian Affairs Bureau, led the Japanese diplomatic team.

The Khmer Rouge, militarily the strongest among the three groups opposing the Vietnamese-installed Phnom Penh government, has refused to disarm its troops and is restricting the movements of UN peacekeepers in areas it controls.

The group said in a statement the UN peacekeeping mission has been unable to verify a complete pullout of Vietnamese troops from Cambodia and strengthen the function of the Supreme National Council (SNC), a national reconciliation body comprising leaders of the government and three rival factions.

The faction has defied UN efforts to achieve a peaceful Cambodia, claiming there are still Vietnamese troops in the country. It has also demanded a sufficient mechanism be created to water down the clout of the Hanoi-backed government of Prime Minister Hun Sen.

The Khmer Rouge voiced distrust of the UN mission, saying, "The Cambodian people are disillusioned with and have lost confidence in UNTAC," an indication that the faction's stance of refusing to comply with the second stage of the Paris peace accord remains unchanged.

With the de facto failure of the joint peace efforts by Japan and Thailand, UN efforts to achieve a breakthrough in the stalemated peace negotiations have thus far shown little light at the end of the tunnel.

As a result, France and Indonesia, which co-chaired at an international conference ending the 13-year-old war in Cambodia with the signing of the Paris agreement, will have to persuade the Khmer Rouge to disarm as a last-ditch effort for durable peace in Cambodia.

Khieu Samphan Delivers 'Lecture'

BK3010073492 Phnom Penh SPK in English 0413 GMT 30 Oct 92

[Text] Phnom Penh SPK Oct 30—Japan and Thailand have failed to convince the Khmer Rouge to rejoin the Cambodian peace process, AFP [AGENCE FRANCE-PRESS] quoted diplomats as saying here Thursday.

"It ended without a conclusive conclusion," Thai Deputy Permanent Secretary for Foreign Affairs Sarot Chawanawirat said after two hours of talks with Khmer Rouge Leader Khieu Samphan.

"As far as Thailand and Japan are concerned, the tripartite meetings are now over."

The UN Security Council had given Japan and Thailand until the end of this month to persuade the Khmer Rouge to rejoin the peace process or risk being excluded from UN-organized elections to be held by May 1993.

While Sarot stopped short of saying the Japanese-Thai initiative had failed, other diplomats present at the meeting said Khieu Samphan had not even responded to new proposals set forward by Sarot and Tadashi Ikeda, director of the Japanese Foreign Ministry's Foreign Affairs Bureau, when they visited Phnom Penh last week.

Instead, Khieu Samphan delivered a lecture elaborating the Khmer Rouge claim that Vietnamese troops remain in Cambodia and that the only way to verify their withdrawal was to strengthen the Supreme National Council (SNC), a sovereign body grouping the four Cambodian factions.

The Khmer Rouge has used the claim of a continued Vietnamese military presence to justify its refusal to disarm or allow UN peacekeepers into its zones of control, as called for by the October 1991 Paris peace accords.

The United Nations Transitional Authority in Cambodia (UNTAC) says it has found no evidence to contradict Hanoi's claim that it withdrew all its troops in 1989, 10 years after ousting the Khmer Rouge from power.

But in a bid to placate Cambodia's largest guerrilla faction, Japan and Thailand last week proposed that in addition to an SNC advisory body working with UNTAC, one SNC consultative committee could be set up in each of the four factions' zones.

Khieu Samphan, who failed to respond to the proposal, is widely considered the figurehead leader of the Khmer Rouge Pol Pot, the man who presided over the radical Marxist faction's genocidal 1975-79 Cambodian rule and is thought to be calling the shots from a clandestine headquarters in Cambodia or Thailand.

Sarot said Japan and Thailand would report to the UN secretary general and the co-chairmen of the Paris International Conference on Cambodia, France and Indonesia, on the results of their initiative.

France and Indonesia, whose ambassadors were present at Thursday's meeting along with UNTAC officials, will now have until November 15 to try to get the peace process back on track.

The Security Council said it would consider unspecified measures against the Khmer Rouge if the faction was still not cooperating by that date.

French Foreign Minister Roland Dumas and his Indonesian counterpart, Ali Alatas, plan to ask Prince Sihanouk to convene an emergency meeting of the SNC within the next two weeks in a bid to break the impasse.

The two ministers were originally scheduled to visit Phnom Penh to meet Sihanouk and the other SNC members on November 7-8 but the meeting may now be held in Beijing, where Sihanouk will be attending a party for his 70th birthday, diplomats and UN sources said.

Meanwhile reports of Khmer Rouge troop movements have been reaching Phnom Penh from many parts of the country, raising fears of new attacks like the destruction of two bridges between Kompong Thom and Kompong Cham Provinces on October 14.

UN military observers in those two provinces located north and northeast of Phnom Penh respectively as well as in several provinces south of the capital have sighted or received reports of Khmer Rouge in groups of 90 to nearly 200 on the move in the past two weeks, UN sources said.

Some diplomats and analysts here fear that imposing sanctions or excluding the Khmer Rouge from the elections could trigger widespread violence by the faction.

Aftermath of Rejection Viewed

BK3010024692 Bangkok BANGKOK POST in English 30 Oct 92 p 7

[Text] Phnom Penh—The Khmer Rouge yesterday afternoon rejected Thai-Japanese efforts to draw them back into the Cambodian peace process following two hours of talks.

Deputy Permanent Secretary for Foreign Affairs Sarot Chawanawirat said no clear conclusion resulted from the talks, which had reached an impasse over the guerrillas' demand for an enhanced role for the Supreme National Council (SNC).

Thailand and Japan "played their part" and have "exhausted" their efforts, he said.

"As far as Thailand and Japan are concerned, the tripartite meetings are now over," he said.

Mr Sarot was joined by Tadashi Ikeda, the Japanese Foreign Ministry's Asian Affairs Bureau director general, in talks with Khmer Rouge nominal leader Khieu Samphan.

The talks, backed by a United Nations Security Council resolution adopted in New York on October 13, sought to persuade the Khmer Rouge to disarm according to the terms of the peace agreement they signed in Paris a year ago.

Thailand and Japan yesterday presented the guerrillas with a revised peace plan based on their earlier proposal for the establishment of an Administrative Consultative Body (ACB).

The ACB had been discussed in two rounds of earlier talks in Bangkok in August.

Mr Sarot said the new plan was not rejected outright, but a statement released by the Khmer Rouge yesterday said the new proposals were "not conducive to the achievement of the objectives set out in the Paris Agreement."

The talks stalled on Khmer Rouge insistence that the SNC be given more power and the setting up of consultative committees within the existing administrative structure and police force in Phnom Penh, Mr Sarot said.

But Thailand's chief negotiator continued to hold hope for the guerrillas' eventual return to the peace process.

"We are diplomats and so we hold on to hope no matter how small it is," he said.

The guerrillas have refused to join the disarmament phase that went into effect on June 13.

The inconclusive outcome of yesterday's talks leaves it up to France and Indonesia, as co-chairmen of the Paris International Conference on Cambodia (PICC), to take up the negotiating effort.

The UN Security Council's Resolution 783 provided for the PICC cochairmen to continue talks should the Thai-Japanese effort fail.

Mr Ikeda, the chief Japanese negotiator, told Japanese media that a report on yesterday's meeting would be conveyed to the PICC cochairmen by Saturday.

Negotiated attempts can continue till November 15, the deadline set by the resolution for the guerrillas to comply with the UN-brokered peace agreement or face further steps—which are widely understood to include economic sanctions.

In their statement, the Khmer Rouge said the new Thai-Japanese proposals would "bring no change" to two features they have persistently deplored.

These are the controlled departure from and non-return to Cambodia of Vietnamese forces and the denial of power and means for the SNC to fulfill its role as the "unique legitimate body and source of authority" in the country.

The statement at the same time slammed the United Nations Transitional Authority in Cambodia (UNTAC) for "cooperating with the Phnom Penh regime set up since 1979 by Vietnamese aggression" rather than with the SNC.

The disrupted peace process is expected to be discussed at a special meeting of the SNC reportedly scheduled to take place in Peking from November 7-8.

The SNC is chaired by Cambodian head of state Prince Norodom Sihanouk and brings together the four previously warring factions—the Khmer Rouge, Phnom Penh and two non-communist factions.

The talks took place from 3.00-5.00 p.m. at the home here of Thai Ambassador Sunai Bunyasiriphant.

The negotiations were attended by two officials from UNTAC and the ambassadors of France and Indonesia to the SNC, who represented the two co-chairmen of the PICC.

The UNTAC representatives were identified as Ataul Karim, political adviser, and Takahisa Kawakami, close aide to UNTAC chief Yasushi Akashi.

Ambassador Sunai and a Foreign Ministry official from Bangkok joined Mr Sarot. On the Japanese side, Mr Ikeda was backed up by Ambassador Yukio Imagawa and Mr Tadamichi Yamamoto, head of the Southeast Asian Division.

On the Khmer Rouge side, Khieu Samphan was assisted by Chan Youran, ambassador to Peking, and Mak Ben, attached to the SNC Secretariat.

KR Reportedly Shoot at UNTAC Helicopter 19 Oct

BK2910075892 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 2300 GMT 28 Oct 92

[Text] According to the State of Cambodia's Committee for Coordinating Military Affairs with the United Nations, Khmer Rouge [KR] soldiers in the past week shot at another helicopter of the UNTAC [UN Transitional Authority in Cambodia] as it flew over Kampot Province in the southwestern part of Cambodia.

The report said that at 0900 on 19 October, an UNTAC helicopter flew from Chhuk District seat to Koh Sla at point VC 06/19 in Chum Kiri Province, bringing video tapes on the elections to play for the people there. While the helicopter was about to land, Khmer Rouge soldiers with AK rifles fired several rounds at it. Later, the helicopter flew back to (?Chhuk) District.

Hun Sen Receives IMF Delegation 27 Oct

BK2910075792 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 2300 GMT 28 Oct 92

[Text] His Excellency [H.E.] Hun Sen, vice chairman of the Cambodian People's Party Central Committee and chairman of the Council of Ministers, received at the office of the Council of Ministers on the afternoon of 27 October a delegation of the International Monetary Fund [IMF] led by [name indistinct], a leading economist of the IMF.

H.E. Hun Sen warmly welcomed the initiatives of the IMF, whose work in Cambodia is aimed at helping to stabilize Cambodia's economy.

The chairman of the Council of Ministers stressed the implementation of the policy to stabilize Cambodia's economy, with or without foreign assistance.

In implementing the policy to normalize all relations with the IMF, H.E. Hun Sen expressed the State of Cambodia [SOC]'s willingness to use Cambodia's remaining property in the IMF for paying a part of its debt to the IMF.

H.E. Hun Sen appealed to various aid donor countries to help repay Cambodia's loans from the IMF for use in Cambodia's economic stabilization.

In conclusion, H.E. Hun Sen informed the guests of various measures to be implemented, such as a measure on the custom and revenue taxes, a measure to reduce expenses, and a measure to seek more income step by step and at a very careful pace, so as to avoid affecting the prices of goods in the market.

In his reply, [name indistinct], representative of the IMF, promised to report to the IMF on the SOC Government's decision concerning the implementation of this economic stabilization policy. He also expressed his confidence that Cambodia will in the future gain more benefits from the IMF and other international monetary organizations.

Inflation 'Soared' During 3d Quarter of Year

BK2910142692 Hong Kong AFP in English 1155 GMT 29 Oct 92

[Text] Phnom Penh, Oct 29 (AFP)—Inflation in Cambodia soared to an annualized rate of 191 percent during the third quarter of the year, but there are signs that the pace of price increases could be leveling off, a U.N. spokesman said here Thursday.

The local currency, the riel, stabilized at around 2,215 riels to one U.S. dollar on the open market this month after plunging dramatically in September.

Last month's drop was related to "special payment to military personnel," spokesman Eric Falt said, explaining that some soldiers received pay before taking leave to help with the rice harvest.

Inflation increased from an annualized rate of 59 percent in the first quarter to 135 percent in the second to 191 percent in the third quarter, including September when consumer prices in Phnom Penh rose 82 percent, said a report from the United Nations Transitional Authority in Cambodia (UNTAC).

The inflation was due largely to "rapid liquidity growth," the report said, meaning the Phnom Penh goverment was printing money to cover its budget deficit.

"While prices maintained their upward momementum in the earlier weeks of (October), there is genuine hope that the country is entering a transitory post-harvest period of less rapid price increases," Falt said, reading from the UNTAC report.

In addition to the stabilization of the riel, the report said an ongoing privatization program had reduced by nearly half the amount of credit allotted to state enterprises since the start of the year.

Indonesia

Navy To Build New Bases, Acquire New Ships

BK2810132192 Singapore THE STRAITS TIMES in English 27 Oct 92 p 1

[By Jakarta correspondent Paul Jacob]

[Text] Jakarta—The Indonesian Navy has started developing new bases in Sumatra and off the eastern-most province of Irian Jaya as part of a programme to broaden its coverage of territorial waters, newspapers here reported yesterday.

The newspapers said plans to buy 42 ships and patrol craft from Germany were also confirmed by Navy Deputy Operations Chief Rear Admiral Sumartono along with a disclosure that the Navy might also acquire submarines.

The armed forces daily, ANGKATAN BERSENJATA, and the KOMPAS and SUARA KARYA newspapers did not disclose details about the size of the bases or when they would be completed.

They said only that the bases would be located at Sibolga, in West Sumatra, and in the Aru islands about 500 km north of the Australian coast.

Rear Adm Sumartono told the papers that there were ongoing plans to develop posts in parts of the country to serve as a frontline from which to project the navy's deterrent capabilities.

He said a number of problems were anticipated and had to be given special attention—for instance, illegal fishing, piracy, safety of navigation, and collisions at sea.

The new bases were being developed in West Sumatra and the Aru islands because these areas were known to be particularly rich in fishery resources. The naval posts would enable the navy to step up patrols there to deter poaching by foreign fishermen, he added.

There have been reports in the past of intrusions into Indonesian waters by fishermen from as far away as Taiwan and South Korea.

He said the Navy also intended the Sibolga post to be its forward-most base in the West Sumatran region.

The Indonesian Navy currently has five large main bases: in Surabaya, East Java, where the Eastern Fleet is based; Ambon; North Sulawesi; Tanjung Pinangin Riau; and Tanjung Priok in Jakarta where the Western Fleet has its headquarters.

A military analyst said the Navy's programme to develop a network of naval posts appeared to be tied in with plans to acquire more vessels in the years ahead to supplement as well as replace older vessels in its current 80-ship fleet.

"As the fleet expands, having more naval posts to provide logistical and other supply and support facilities means the Navy patrolling and coverage of territory will also be greatly enhanced," the analyst said.

Rear Adm Sumartono was reported as saying that the Navy would acquire at least 42 ships from Germany—16 patrol craft, 12 mine sweepers, and 14 landing ship tanks (LSTs) which are used for transporting personnel, heavy equipment, and other material.

Minister Views Efforts To Lower Debt Ratio

BK2910141392 Jakarta MERDEKA in Indonesian 22 Oct 92 p 1

[Text] Jakarta, Wednesday, MERDEKA—Radius Prawiro, coordinating minister for economics, finance, industries, and development supervision, has made it clear that the government is continuing efforts to curb the debt service ratio [DSR] by controlling foreign commercial loans, increasing nonoil and nongas exports, and adopting other fiscal policies.

"Nevertheless, it is difficult to lower the DSR to below 30 percent in the near future," Radius said in reply to MERDEKA in Jakarta on Wednesday.

On a separate occasion, economic observer Dr. Sri Bintang Pamungkas said that foreign debts currently incurred by Indonesia had exceeded the limits. The worrisome condition is attributed to the inability to rapidly increase exports to keep pace with the repayment of foreign debts.

"Our DSR has now exceeded 35 percent. Obviously, such a situation causes deep concern," said Sri Bintang who met MERDEKA in Jakarta on Wednesday.

If this situation continues, it will not be impossible for Indonesia to have the same fate as such Latin American countries as Brazil and Mexico which are no longer able to repay their foreign debts," he added.

According to Sri Bintang, Indonesia has to "seek more loans" since the 1986-1987 period to repay its foreign debts. Obviously, the situation will worsen if there is no industrial rationalization and the government fails to promote efficiency in all fields.

Furthermore, Radius Prawiro said that foreign loans by the government now tended to decrease. On the other hand, foreign loans by the private sector have increased sharply. Because of this, the government is continuing to monitor foreign loans by the private sector, which is one of the factors for the recent increase in the DSR.

According to the coordinating minister, increased foreign commercial loans by the private sector are understandable because most of these commercial loans are used for activities to increase non-oil and non-gas exports. Thus, it is understandable why the DSR has increased. It is the private sector's overzealousness that eventually caused "the economy to overheat." For this reason, the government is trying to control foreign loans by the private sector with a view to cooling down the Indonesian economy. According to Radius, the allocation of funds to a number of government banks to enable them to extend credits to businessmen is part of the mechanism to control foreign loans by the private sector.

"This measure is simply aimed at checking foreign commercial loans by the private sector," he said.

Nevertheless, the coordinating minister could not guarantee that the DSR would be lowered below 30 percent this year.

"I think this is still difficult to predict," Radius said.

Laos

Thailand's Foreign Policy Toward Neighbors Hailed

BK3010103592 Vientiane PASASON in Lao 24 Oct 92 p 2, 4

[Talk by Akkhavan: "Thailand Is Expected To Maintain Its Policy of Friendship and Peace Toward Neighboring Countries"]

[Text] In the past few days, the Thai media, such as radio and television, have carried live coverage of the policy statement made at the National Assembly by the Thai Government headed by Prime Minister Chuan Likphai.

Many important parts of the policy statement appeared to be very useful to Thailand's national development. However, it is irrelevant for us to discuss such topics in a Lao newspaper, for such an act is tantamount to interference in the internal affairs of another country. Nonetheless, we may be able to touch on Thailand's foreign policy because this matter is related to its neighboring countries.

After hearing Thailand's policy statement, many people are very pleased to see that its foreign policy of friendship, peace, and equitable cooperation for mutual benefits will still be maintained. In the past few years, relations between Thailand and its neighbors have been smoothly conducted on the basis of the spirit of friendship and just cooperation. Regarding the Lao People's Democratic Republic [LPDR] in the recent past, particularly during the period of implementing the restructuring policy aimed at transforming to a market economy and broadening cooperation with foreign countries, Lao-Thai relations have been promoted to a higher degree. This phenomenon was distinctly displayed during the recent official visit to the Kingdom of Thailand by Kaysone Phomvihan, chairman of the Lao People's Revolutionary Party Central Committee and LPDR president. In response to the invitation extended by LPDR President Kaysone Phomvihan, on behalf of the His Majesty the King of the Kingdom of Thailand, His Royal Highness Crown Prince Maha Wachiralongkon later paid an official visit to the LPDR. In addition, Her Royal Highness Princess Maha Chakkri Sirinthon of the Kingdom of Thailand has also paid two visits to the LPDR so far. In the meantime, the time-honored traditional fine relations and cooperation between the two countries in the economic, social, and cultural fields have also been gradually improved and developed for the better on the basis of the principles of justice, mutual benefit, and brotherliness.

After hearing the policy announced by the new Thai Government, we, the Lao people, as well as other people are sharing a common view and aspirations that the new Thai Government, especially those responsible for managing Thailand's international affairs, will maintain its policy of friendship and peace toward its neighbors. If this aforementioned hope can be genuinely materialized, the relations between Laos and Thailand in particular will be further deepened. This is because Laos and Thailand, especially the Lao and Thai peoples, understand each other very well because of similar languages. Since our two countries share a common border of more than 1,000 kilometers and our two peoples have maintained fine traditional relations since ancient times, they depended on each other in many fields thanks to our common language. For instance in the recent robbery case of a Lao bank, Thai police helped arrest the culprits and return the stolen money to the Lao side. Such a phenomenon may exist somewhere else but it remains very rare. Such a good example clearly testifies to the spirit of brotherliness between the Lao and Thai peoples. The two peoples will not permit bad elements to use each other's territory to undermine the peace and tranquility of neighboring countries, nor will they provide conveniences to them, such as travel documents, to carry out subversive activities in a brotherly country. In the past few days, foreign radio reports said the Thai Government deported two U.S. citizens of Lao ethnic origin who had been arrested a week earlier while preparing to cross into Laos to conduct disturbances. The reports went on to say that the two persons had been put on a plane flying out of Thailand. If the reports on the incident are true, it will become another fine example of the strengthening of the friendly relations between Laos and Thailand. It will also become a good sign for implementing the foreign policies of the two countries toward each other.

Kaysone Phomvihan Greets Sihanouk on Birthday

BK2910143792 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 29 Oct 92

[Congratulatory message from Kaysone Phomvihan, president of the Lao People's Democratic Republic, to Prince Norodom Sihanouk, president of the Supreme National Council of Cambodia, in Phnom Penh, on the latter's 70th birthday—dated 28 October]

[Text] I feel honored to take this opportunity to convey high respect, warm congratulations, and best wishes to Samdech Norodom Sihanouk on the 70th anniversary of his birthday.

The Lao and Cambodian peoples have maintained a longstanding glorious tradition of solidarity with each other since ancient times. The two peoples have steadily fostered and expanded the relations of friendship and hospitality, good neighborliness, and assistance between the two countries.

I am strongly confident that, under the correct guidance and leadership of Samdech, the Cambodian people will be able to overcome all obstacles victoriously, thus making Cambodia a country of real peace, independence, neutrality, and prosperity.

On this auspicious occasion, I wish Samdech longevity, happiness, good health, and success in your noble tasks.

Army Delegation Concludes Visit to Vietnam

BK3010112392 Vientiane Vitthayou Hengsat Radio Network in Lao 0430 GMT 28 Oct 92

[Text] At noon on 27 October, a delegation of the General Political Department of the Lao People's Army [LPA] led by Comrade Lieutenant General Osakan Thammatheva, member of the Lao People's Revolutionary Party [LPRP] Central Committee, deputy minister of national defense, and chief of the LPA General Political Department, returned to Vientiane after successfully completing a friendship visit to the Socialist Republic of Vietnam at the invitation of the Vietnam People's Army [VPA] General Political Department.

At Wattai Airport, the delegation was received by Comrade Lt. Gen. Ai Souli-gnaseng, member of the party Central Committee, deputy minister of national defense, and chief of the LPA General Staff Department; Comrade Major General Soulima Bounleut, deputy chief of the LPA General Political Department; Comrade Gen. Phommachak Soutthisan, chief of the Foreign Relations Department of the Ministry of National Defense; and a number of high and medium ranking officers of the LPA General Political Department.

Also present at Wattai Airport was the deputy military attache of the SRV to Laos.

During the one-week visit, the LPA General Politcal Department delegation met with a delegation of the VPA General Political Department led by Comrade Lt. Gen. [name indistinct], secretary of the Communist Party of Vietnam [CPV] Central Committee and chief of the VPA General Political Department. They informed each other about their respective party and political activities carried out over the past year. They agreed on a cooperation plan for 1993, which includes exchanges of information on the two countries and Armies and exchanges of experiences in party and political activities as well as in the other fields.

While in Vietnam, the Lao delegation also paid courtesy calls on Comrade Do Muoi, general secretary of the CPV, and Comrade Gen. Doan Khue, minister of national defense of the SRV. The delegation visited the military command of Ho Chi Minh City and the military command of a battalion and a company attached to the Personnel Department of the VPA.

The lao delegation also visited the party committee and the administrative committee of Ho Chi Minh City; provincial party committees, and an oil and natural gas industry area.

Where ever they visited, the Lao visitors were warmly welcomed by cadres, combatants, and the fraternal Vietnamese people.

Delegation Meets Czech-Slovak Counterpart

BK2710052592 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 26 Oct 92

[Text] A meeting between the Lao People's Democratic Republic [LPDR] Foreign Affairs Ministry delegation and a delegation from its Czech and Slovak Federal Republic counterpart was held in Vientiane on 24 October. In the meeting, the two sides discussed plans for further cooperation and exchanged views on the situation in their respective countries and other issues of common interest. They also discussed means to promote further and to expand relations between the two countries.

The Lao delegation was led by Soulivong Phasitthidet, deputy minister of foreign affairs, while the Czech and Slovak side was led by (Jibono Bodni), deputy head of the Fourth Department of the Foreign Affairs Ministry. The Czech and Slovak Foreign Affairs Ministry delegation is currently on a visit to the LPDR.

On this occasion, the Lao side conveyed hearty thanks to the Czech and Slovak Government for taking care of Lao students who are furthering their studies in the Czech and Slovak Republic.

Philippines

Rightist Military Rebels Submit Talking Points

HK2910150592 Quezon City ABC-DWET Television in English 1300 GMT 29 Oct 92

[From the "ABC-DWET News Program"]

[Text] Rightist military rebels submitted today their five talking points to the National Unification Commission. The rebels, who call themselves the Nationalist Revolutionary Alliance [RAM], put forth the following issues:

Electoral reforms. RAM wants more safeguards and control during elections, and it wants all election results to be announced only by the Comelec [Commission on Elections].

Efficient government. RAM says it seeks a return to fundamental values in public service.

National economic development policies. RAM wants several policy reviews on matters such as debt servicing and foreign investors' access to credit.

On national defense and security, RAM is pushing for review, redirection, and restructuring of policy.

And finally, on social justice, RAM seeks, among others, a restructuring of the criminal justice system and the Philippine National Police.

NUC Studies Rebel Peace Agenda

HK3010134192 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 30 Oct 92

[Text] The National Unification Commission [NUC] has been carefully studying the proposed agenda of the Revolutionary Nationalist Alliance [RAM]-Soldiers of the Filipino People-Young Officers Union for peace talks.

NUC chairperson Haydee Yorac said the five points for discussion submitted by the RAM were personally presented to her by renegade Commodore Domingo Calajate last Wednesday.

The document stated the rebel soldiers' request for talks on the issues of electoral reforms, prevention of undesirability in government, implementation of nationalistic livelihood programs, and facing national security issues according to the demands of the masses. Programs on social justice, alleviating poverty and unemployment were also included in the proposed agenda.

Communist Leaders Reject Peace Talks Agenda

HK3010082592 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 29 OCt 92

[Text] Communist leaders have rejected the alleged 10-point peace talks agenda. They said the proposed agenda, which is based on President Ramos' orders, aims only to show that the Armed Forces is stronger than the rebels. The communist leaders also accused Ramos of being insincere in his promises regarding the peace talks.

However, Malacanang issued a statement saying the government will exhaust every measure for the success of the peace talks to aid the country's economic progress.

Ramos Said Open to 'Absolute Amnesty' for Rebels

HK3010082692 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 29 Oct 92

[Text] President Fidel Ramos is now amenable to the proposal to grant total and absolute amnesty to political prisoners.

Executive Secretary Edelmiro Amante said the president has agreed to the proposal launched by Speaker Jose de Venecia, Sorsogon Congressman Bonifacio Gillego and Congressman Arnulfo Fuentebella.

The amnesty would include leftist and rightist rebels and the Muslim rebels in Mindanao.

'Political Detainees' To Begin Hunger Strike

HK2910054392 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 29 Oct 92

[Text] Political detainees in various parts of the country will launch a nationwide hunger strike starting today to protest to their continued political imprisonment.

According to Raymund Oliveros, spokesman for the detainees, about 500 political prisoners from a total of 20 detention centers will take part in the event. The strikers will come from detention centers at Camp Crame, Rizal Provincial Jail, and Muntinlupa Bilibid Prison.

National Democratic Front leaders Satur Ocampo, Bobbie Malay, and Rafael Baylosis are reported to sympathize with the hunger strikers.

Students Rally To Protest Continued Detentions

HK3010092292 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 0400 GMT 30 Oct 92

[Text] More than 100 students have been staging a rally here at the right side of Mendiola Street near the entrance to Malacanang Palace to protest continued imprisonment of political detainees.

[Begin recording] [Nathaniel Santiago, New Nationalist Alliance head] The activity is called Luksang Bayan [National Mourning] because All Saints' Day is nearing. Moreover, we would like the people to feel the suffering of their relatives and friends who are victims of human rights violations.

The rally is for political detainees, the thousands of missing persons, a hundred thousand who died in the counterinsurgency war, a million who have lost their homes due to forced evacuation and hamletting as well as victims of continued militarization.

[Reporter Henry Umaga Diaz] But doesn't the government already have an amnesty program that includes the political detainees ?

[Santiago] Until now there is no official and final statement nor law or guidelines regarding the granting of amnesty for everybody.

However, those who are here with us today will be very happy if the 587 or more political detainees as well as missing labor and farmer organizers are released, especially those charged with criminal offenses. [end recording]

Muslims Claim To Rescue Kidnapped American

HK3010024092 Manila THE CHRONICLE in English 30 Oct 92 p 3

[Text] Isabela, Basilan—Muslim secessionist rebels have taken custody of an American missionary who was abducted last week by bandits on the southern island of Basilan, the Basilan governor said yesterday. Gov [Governor] Jerry Salapuddin said Augustine Frazczack, believed to be from Michigan, was taken from his kidnappers by a "responsible commander" of the Moro National Liberation Front [MNLF], the main secessionist faction. "I was told the MNLF took the missionary from the kidnapping of a religious personality and hopefully their intention of taking Brother Gus was so that they can ensure his safe release," Salapuddin said.

Salapuddin, a former separatist leader, said the rebels took Frazczack to the town of Tipo-tipo, 30 km south of this provincial capital. Police could not immediately confirm Salapuddin's information.

Superintendent Antonio Garado, deputy commander of the provincial police, said the kidnappers have demanded a P2 [Philippine pesos] million ransom for Frazczack. Garado said the Rev [Reverend] Gabriel Bertos, a Filipino Roman Catholic priest, showed him a letter hand-written by Frazczack asking his colleagues to "exert all efforts to raise the amount or a lesser amount agreeable to the kidnappers." "My life here is very hard," Garado quoted from the letter, which was delivered by a courier to Bertos on Tuesday.

Basilan Bishop Romulo de la Cruz said in a statement Wednesday that Frazczack was abducted by five armed men Oct 19 while he was walking with Bertos in the village of Mamburing in Tuburan town were they conduct a regular health program. Early police reports said ten gunmen accosted Frazezack and Bertos while they were on a motorcycle on their way to Mamburing to treat sick children.

Frazczack is not a doctor as the police reported earlier, but had received medical training and was an acupuncturist who is well-loved by local Yakan tribesmen, de la Cruz said. De la Cruz could not confirm reports that he was taken by the gunmen, who belong to a rebel "most command," to treat their comrades wounded after a recent military operation. The American is a Franciscan brother who has been working with the Franciscan Fathers on Basilan since 1986. Police said he was from Michigan.

De la Cruz said Yakan tribesmen were "saddened, embarrassed and angered" upon learning the missionary was abducted by "unfriendly Yakans." He said Muslim religious leaders expressed willingness to help raise a ransom; and top Yakan leaders also "mobilized to get (Frazczack) at all costs." Garado said National Police

Chief Raul Imperial has instructed the local police to go after the kidnappers but also to ensure the American's safety.

Ramos Strengthens Industrial Peace Council

HK3010060092 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 29 Oct 92

[Text] President Ramos has issued an order aimed at stopping protests by laborers due to a scheduled power rate hike in December. Executive No. 25 aims to strengthen further the Tripartite Industrial Peace Council, by increasing members if necessary.

The council consists of the secretary of labor and employment as its chairman and 12 representatives from various sectors, including those from the labor and employers' sector.

The president issued the order to emphasize the importance of industrial peace for national progress.

Senate Approves Bill To Create Energy Department

HK3010020992 Quezon City ABC-DWET Television in Tagalog 1000 GMT 29 Oct 92

[From "ABC-DWET News Program"—passages within quotation marks are recorded]

[Text] The Senate has approved the bill that seeks to set up a Department of Energy. Seventeen senators voted for the bill's passage, and no one was opposed.

The senators were unanimous in saying that the Department of Energy is needed to find short- and long-term solutions to the serious energy problem.

Senator John Osmena said the bill corrected a big mistake committed by the former President Corazon Aquino's administration when it abolished the energy department in 1986. Since then, he said, the energy problem has worsened.

Under the bill, the government will have wider powers over the energy sector and deregulation will be allowed only after four years. At present, the government will allow the privatization of the National Power Corporation [Napocor] and the Philippine National Oil Company [PNOC].

For his part, Senator Ernesto Maceda said he was in favor of greater government control over the sector, especially in the setting of oil prices.

[Maceda, in English] "We have fought, Mr. President, and we will continue to fight, being a developing country, against a relaxation of government control over pricing and similar activities which directly affect the day-to-day life or day-to-day poverty of our people."

The bill calls for an initial budget of P200 million [Philippine pesos] for the new department.

Senator Heherson Alvarez, chairman of the energy committee, said a council of advisers for energy affairs will also be formed to help the new department in addressing the energy problem.

[Alvarez] "This council of energy advisers will advise the president on policies and initiatives that will have to be undertaken, especially on questions of privatization and deregulation of the energy industry."

Also in the Senate, the finance committee criticized the Energy Regulatory Board [ERB] for employing a group of American consultants. These consultants serve as ERB's advisers in price fixing, or the setting of prices of oil products in the country. The two American companies with consultancy contracts are the International Development Planners and Resource Management Incorporated.

In the hearing of the Senate finance committee today, Maceda refused to approve the P26 million sought by the ERB for the consultancy firms. He said it is very wrong for consultants to dictate to ERB regarding oil prices, especially since one of the oil companies operating in the Philippines is Caltex, an American company.

In Malacanang, Delfin Lazaro took his oath of office as the new Napocor chairman. And when President Fidel V. Ramos signs the bill establishing the energy department, Lazaro will likely be the secretary.

In an interview today, Chairman Lazaro discussed his comprehensive program to solve the energy problems.

The whole report from Joey Guilas:

[Guilas] "The new Napocor chairman unveiled this afternoon his short-term and medium-term plans for the energy sector and his timetable to accomplish these. The plans are part of an energy sector plan to be presented to the cabinet on 18 November this year. Among the first proposals in the plan is the deregulation of the oil industry starting in December. To be given priority will be the removal of obstacles to the free sale of oil products and a comprehensive review of ERB's price-setting mechanism. This will lead to the deregulation of oil prices in 1994. Lazaro also proposes in his action plan the privatization of energy-related government corporations like the Napocor, PNOC and National Electrification Administration from this November to June next year. He is also pushing for the setting up of the Department of Energy before the end of November. According to the plan, the government will also set up the fast-track projects and the rehabilitation of power plants. Lazaro also plans to organize multi-sectoral conference in which the public will be consulted on how energy problems will be solved. Lazaro is confident that these plans will be implemented."

[Lazaro] "We'll have to start with a plan. It's difficult without a plan. It will be hopeless if there is no plan. Here, there's a plan."

Ramos Issues Debt Reprieve for Sugar Industry

HK3010034692 Manila THE CHRONICLE in English 30 Oct 92 p 13

[Report by Manny Moganto]

[Text] President Ramos yesterday issued a directive implementing the sugar restitution law to revive the economies of sugar-producing areas in the country.

The directive ordered the Philippine National Bank (PNB), Republic Planters Bank (RPB), Development Bank of the Philippines (DBP) and other government-owned and controlled financial institutions to write-off interests in excess of 12 per annum and all penalties and surcharges due from sugar producers.

Presidential spokesperson Annabelle Abaya said the new directive, Executive Order 31, was based on Republic Act [RA] 7202 approved last February by the previous Congress which authorized the restitution of losses suffered by sugar producers from crop year 1974-1975 up to crop year 1984-1985 due to the sections of government-owned and controlled agencies.

Abaya said the President also directed the concerned financial institutions to coordinate with sugar producers to facilitate the recomputation of their loan obligations, which shall be payable in accordance with the schedule prescribed under Section 3 of RA 7202.

Based on the law, the recomputed loans shall be amortized for a period of 13 years inclusive of a three-year grace period on principal. The principal portion of the loan will carry an interest rate of 12% per annum.

In cases wherein sugar producers have no outstanding loan balance when RA 7202 took effect last Feb. 29, 1992, no claims can be made for refund of interest in excess of 12% but the sugar producers can submit claims for reimbursements of excess payments with the implementing agency that shall be designated to implement Section 2 of RA 7202.

Under Section 2, all sugar producers who incurred losses during the ten-year period when the sugar industry collapsed because of the activities of cronies of the late ex-president Ferdinand Marcos, all assets or funds which are recovered by the government which are determined to have been illegally acquired from the sugar industry will be used to compensate all sugar producers.

Thailand

Minister on ASEAN-EC Meeting, U.S. Election

BK3010074092 Bangkok Radio Thailand Network in English 0000 GMT 30 Oct 92

[Text] Minister of Foreign Affairs Prasong Sunsiri left for Manila, the Philippines, to attend the ASEAN-EC ministerial meeting. The minister said that the meeting would revive the economic cooperation between ASEAN and EC in face of changes in the world and in view of the emerging European single market.

Commenting on the U.S. election, the foreign minister stated his belief that the existing cordial relations would be maintained no matter who emerges the next President of the United States. The United States will have to attend to its domestic problems after the election while maintaining trade and investment ties with the rest of the world. He sees Thailand and U.S. policies of inducing growth and investment as complimentary and compatible.

Korean Army Chief Visits To Promote Cooperation

SK3010032392 Seoul YONHAP in English 0021 GMT 30 Oct 92

[Text] Bangkok, Oct. 30 (YONHAP)—South Korean Army Chief of Staff Gen. Kim Chin-yong arrived here Friday to discuss with Thai military leaders on ways to promote mutual cooperation in military affairs.

Gen. Kim, who will stay here for five days, is scheduled to inspect military installations and visit the Korean War Memorial.

Gen. Kim earlier visited Indonesia, Singapore and Malaysia.

EC Proposes Two-Year Extension of Textile Agreement

BK2910025392 Bangkok THE NATION in English 29 Oct 92 p B12

[By Achara Phongwutitham]

[Text] The European Community has proposed extending the bilateral agreement with Thailand on textiles for another two years, according to the Director-General of the Foreign Trade Department, Chare Chutharattakun.

Speaking yesterday before leaving for Brussels for talks with the EC, Chare said that the talks would focus on the extension of the textile agreement, before bringing it under the General Agreement on Tariffs and Trade (Gatt).

He added that Thailand would have to consider details and conditions in the new agreement as well as the prospects of the multilateral talks under the Uruguay Round before making a decision on the proposal.

The EC has asked Thailand to continue the contract with the same conditions as before. The existing bilateral agreement between Thailand and the Community limited the growth rate of Thai exports to the EC, covering 20-30 categories of textiles, to six per cent annually.

Last year, Thailand extended the agreement with the EC, but the agreement is due to expire at the end of this year.

The Geneva-based Gatt multilateral negotiations agreed to temporarily extend the Multi-Fibre Arrangement (MFA) until the Uruguay Round is settled. Their differences are have come down to the farm subsidy issue.

Chare said that if the Uruguay concludes successfully, Thailand will have to comply with the Gatt agreement to liberalize its textile trade. "We have to take this possibility into consideration as well," he said.

The director-general added that the EC will also have to negotiate with Thailand on the excessive fishing-net exports from Thailand. Thailand currently exports 486 tonnes of fishing-net to the EC, exceeded the ceiling limit.

Brussels allows Thailand to export up to 10 per cent of the EC's fishing-net imports, totalling 4,600 tonnes.

Chare is on a trip to Singapore, Belgium and the Commonwealth of Independent States (CIS) to have trade talks with each country.

He said that he would go to the CIS to promote Thai rice exports. Thailand plans to achieve 500,000 tonnes of rice exports to the CIS this year.

An official from the Commerce Ministry, who asked not to be named said that the EC bilateral agreements on textiles with other Asean countries are due to expire at about the same time as Thailand's. "Asean, therefore, should join forces to form a common position on the textile agreement to strengthen our bargaining power," he suggested.

Vietnam

U.S. Public Opinion on Normalizing Ties Welcomed

BK2910132192 Hanoi Voice of Vietnam in English 1000 GMT 29 Oct 92

[Station commentary]

[Text] U.S. public opinion has paid much interest in Vietnam-U.S. relations, especially after the visit to Vietnam by General John Vessey. Here is our radio comment on the issue:

Vietnam's active settlement of the MIA issue, especially its commitment to the U.S. President Special Emissary John Vessey to provide all information on MIA available has urged the U.S. public to favor restoring relations with Vietnam. The U.S. President himself has said Vietnam's goodwill would help accelerate the relations. He said: We highly appreciate Vietnam's efforts in settling the MIA issue, we are determined to go forward. The U.S. is considering following steps toward improving relations with Vietnam in response to its goodwill.

The U.S. public has set another opportunity to reassess their government action toward Vietnam. The Voice of America, in its Monday [26 October] broadcast said: The U.S. sanction against Vietnam has been widely criticized by many circles in the United States. It does only harm to both Vietnam and the United States. The U.S. magazine NEWSWEEK described this as a strange thing and that lifting the trade embargo against Vietnam will benefit both sides. The magazine quoted a businessman as saying that if he were the U.S. President he would speak less and lift the embargo.

Last week President Bush said that the U.S. is likely to write the last chapter of the Vietnam war. This is true, it is better for the U.S. to look to the future. It is beneficial to both sides.

Cambodian Foreign Minister on Peace Process

BK3010100992 Hanoi VNA in English 1258 GMT 30 Oct 92

[Text] Hanoi VNA Oct. 30—Hor Namhong, foreign minister of the State of Cambodia, in a recent interview with a correspondent of the Vietnamese national daily NHAN DAN, has said that the main obstacle to the implementation of the Paris agreement at present is the Khmer Rouge's refusal to join in the second phase of the agreement.

The interview was made on the occasion of the first anniversary of the signing of the Paris agreement on Cambodia (October 23, 1991-92).

Foreign Minister Hor Nam Hong continued:

"The implementation of the Paris agreement has achieved many results after 12 months: The programme of national reconstruction has been in place, active preparations are under way for the general elections, the repatriation of refugees is proceeding smoothly... These results derive from the high and clearsighted leadership of Samdech Norodom Sihanouk, head of state and chairman of the Supreme National Council of Cambodia.

"I have many times made clear that only when the Khmer Rouge agrees to join in the second stage of the agreement can we consider the proposals of Japan and Thailand on the Administrative Consultancy Board (ACB).

"We can't accept what has not been written in the agreement and documents of the Tokyo conference on June 22, 1992.

"We don't know the so called 'Consultancy Board' derives from what article of the Paris agreement or what document of the Tokyo conference.

"We have also repeatedly said that we shall implement 100 percent of the agreement, no more, no less. On the other hand, everyone may have seen that over the past year, only the State of Cambodia has implemented 100 percent of the agreement. The state of Cambodia has closely cooperated with UNTAC [United Nations Transitional Authority in Cambodia], and accepted the maximum right of the mandatory power of UNTAC.

"At the same time, one should not forget that in the implementation of the Paris agreement, there has been in practice an imbalance between one side who unilaterally implemented 100 percent of the agreement and the other who has not only refused to implement and also violated it. I think that the side who implements the agreement must not be 'punished' while the side who violated the agreement must not be 'rewarded'".

Hor Namhong said that the decision of Mr. Akashi, UNTAC chief, to halt the regrouping and dissolution of the armies of the other factions if the Khmer continue to refuse joining the second stage of the cease-fire agreement is a judicious and fair decision.

Otherwise, this is tantamount to opening door for them to seize power, continue the massacre of Cambodian or at least, to creating conditions for them to expand the area under their control.

Implementation of Cambodian Peace Accord Viewed

BK3010105792 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 22 Oct 92

[Station commentary]

[Text] One year ago, on 23 October 1991, the Cambodian peace accord was signed at the Paris international conference on Cambodia. The signing of this agreement has brought peace to Cambodia and created conditions for the Cambodian people to reconstruct and build Cambodia into an independent, peaceful, free, democratic, neutral, and prosperous nation.

One may ask, what are the results of implementing the Paris peace accord during the past year? The accord specified that during the first phase of the peace process, which lasted seven months, the Cambodian factions will voluntarily observe the cease-fire agreement; while in the second phase—which started from 0800 on 13 June 1992—the factions were to observe the cease-fire under UN control, demobilize, and turn in 70 percent of their troops and weapons respectively. Afterward, registration of voters will be done and constituencies for the general elections will be established.

For the State of Cambodia, it has seriously implemented all stipulations of the Paris peace accord during the two phases. Close cooperation has been maintained between the State of Cambodia, the Supreme National Council of Cambodia [SNC], and the United Nations Transitional Authority in Cambodia [UNTAC].

On the contrary, the Khmer Rouge has showed their uncooperative attitude in this peace process. UNTAC announced that as of 13 September, the State of Cambodia had demobilized 42,376 troops and turned in 41,055 weapons accounting for more than 80 percent of its troops and weapons. During the same period, the Khmer Rouge discharged no troops and turned in no weapons. Moreover, the Khmer Rouge has instructed its troops to obstruct the UNTAC force's operation in its areas of control and to shoot at UNTAC aircraft on duty flights. The Khmer Rouge also took advantage of the demobilization of a large number of troops belonging to the State of Cambodia to launch attacks and capture various areas which were previously under the jurisdiction of the State of Cambodia. They fanned up fabrications against Vietnam, ostracized Vietnamese residents, launched attacks along communications routes, criticized UNTAC chief Akashi, and obstructed UNTAC in its efforts to establish lists of voters and electoral constituencies in its areas of control. The Khmer Rouge has also announced that it will not participate in nor accept results of the general elections. It can be said that the Khmer Rouge's actions are totally aimed at obstructing the implementation of the Paris peace accord on Cambodia.

The international community, of course, will not accept any illegal acts of the Khmer Rouge and will not allow a setback in implementing the Paris peace accord. This is clearly manifested in the UN Security Council's Resolution No. 783 on the Cambodian situation adopted on 13 October in New York. The resolution demands that the Khmer Rouge quickly create favorable conditions for the UNTAC operation in Cambodia and fully implement the cease-fire plan, especially the cantonment and demobilization of troops. The resolution stressed the significance of organizing the general elections according to the set schedule which is not later than May 1993, and the implementation of all stipulations of the Paris peace accord regardless of the Khmer Rouge's non-compliance with the agreement.

Recently, Mr. Akashi, chief of UNTAC, said he will order the three Cambodian factions to suspend demobilization of troops because the Khmer Rouge has stubbornly rejected demobilizing its troops and turning in its weapons.

The UN Security Council's resolution represents the correct stand of the international community in resolving the Cambodian issue—an issue that requires great efforts, energy, and money not only from the United Nations, but also from all parties concerned. At present, the international community is composed of all countries struggling for peace, security, and social progress. They are able to stop protracted suffering endured by nations on our planet including Cambodia. However, things are not as easy as expected. For instance, differences among and diversified developmental levels in various countries as well as oppression against weak and small nations by bigger countries to further their own interests have added difficulties to resolving international and regional issues including the Cambodian problem.

It can be said that the Khmer Rouge did have some specific aims in running counter to the Paris peace accord. Realizing this fact, the international community should make greater efforts to achieve their goal as stipulated in the Paris peace accord.

Immediately after signing the Paris accord, the SRV issued a statement welcoming the accord and stressing that its implementation requires great efforts from all parties concerned. The SRV is ready, together with signatory countries and the United Nations, to carry out its duties to ensure a long-lasting peace in Cambodia; respect the sovereignty, independence, and territorial integrity of Cambodia; respect the unified, neutral, and nonaligned Cambodia; and respect the sovereignty of Cambodia's neighboring countries, thereby contributing to peace, stability, friendship, and cooperation in Southeast Asia.

Facing new difficulties in Cambodia, the UN Security Council has recently adopted a resolution to accelerate the implementation of the Paris peace accord in accordance with the set schedules. The SRV, once again, asserts its unswerving stand on the Cambodian issue and condemns all persons who oppose and all acts against the implementation of this accord.

Conference Reviews Cooperation With UNICEF

BK3010151392 Hanoi VNA in English 1355 GMT 30 Oct 92

[Text] Hanoi VNA Oct. 30—An annual conference to review the 1992 national programme between Vietnam and the United Nations Children Fund (UNICEF) was held here today.

The conference was attended by Deputy Prime Minister Nguyen Khanh, Chairman of the State Planning Commission Do Quoc Sam, Vice-Chairman of the Committee for the Protection and Care of Children Mrs. Tran Thi Thanh Thanh, and President of the Women's Union Mrs. Truong My Hoa.

The UNICEF was represented by Mr. Daniel J. Brooks, regional director of Asia-Pacific, Mrs. Pratma Kale, UNICEF-New York HQ representative and Stephen J. Woodhouse, UNICEF-Hanoi representative.

Taking the floor, Deputy Prime Minister Nguyen Khanh recalled that Vietnam is the first country in Asia-Pacific and the second country in the world to have ratified the convention on the rights of the child. This manifests Vietnam's unchanged plicy to protect and care for children as well as its warm response to UNICEF's noble, humanitarian activities.

The deputy prime minister expressed sincere thanks to UNICEF in general and the UNICEF-Vietnam representative in particular for their valuable assistance to Vietnam's efforts in child care and protection.

The participants heard reports on the Vietnam-UNICEF cooperation in the present process of socio-economic renovation, and Vietnam's implementation of the convention on the rights of the child, and of its national programme.

The participants proposed that cooperation projects in the framework of UNICEF aid to Vietnam in 1993 would concentrate on child care, protection and education, primary educational universalization, prevention and fight against such diseases as malaria, blindness, goitre and malnourishment.

Vice President Receives ROK Ambassador

BK2910153792 Hanoi VNA in English 1405 GMT 29 Oct 92

[Text] Hanoi VNA Oct. 29—Vice president of the Socialist Republic of Vietnam received here yesterday Ambassador Pak No-su, head of the liaison office of the Republic of Korea who paid her a courtesy visit.

Vice President Nguyen Thi Binh had a cordial conversation with Ambassador Pak No Su.

Vo Van Kiet Visits Hanoi Industrial Trade Fair

BK2910122592 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 21 Oct 92

[Text] On the morning of 22 October, Prime Minister Vo Van Kiet visited the International Industrial Trade Fair '92 held at the Giang Vo Exhibition and Trade Fair Center in Hanoi.

Prime Minister Vo Van Kiet alternately toured the showrooms of the heavy and light industrial and construction sectors, as well as of the Army and various localities such as Hanoi, Ho Chi Minh city, Haiphong, and Ben Tre.

The prime minister spent a long time at the section displaying machine tools in service of agriculture, the food and farm product processing industry, the defense industry, and of high quality construction materials made from raw materials instantly available in our country.

He also stopped at the section displaying products in service production and consumption suitable to conditions in Vietnam from a number of companies in various countries and regions, such as China, Taiwan, Japan, and Singapore.

Exchanging views with the comrades in charge of the trade fair, the prime minister welcomed the intiative of the exhibition center in organizing the trade fair—a job of great significance to the process of economic development, especially industry, on the path of renovation of the country. He said:

While the trade fair is being held, it is necessary to hold discussions and meetings, and exchange views together with curricular activities to create favorable conditions for foreign industrialists and businessmen to become familiar with the market, and Vietnamese industrialsists and businessmen to help promote cooperation and investment in Vietnam.

Vietnamese industrialists and businessmen must consider the trade fair as a good opportunity to attain managerial experience and advanced technology from various countries. Similar trade fairs should be held regularly to create favorable conditions for and promote the development of the Vietnamese industry in accordance with the spirit of the seventh party congress resolution.

Australia

Country's Deficit Surges to 1.2 Billion Dollars

BK3010103892 Hong Kong AFP in English 0058 GMT 30 Oct 92

[Text] SYDNEY, Oct 30 (AFP)—Australian imports surged 20 percent to the highest monthly level on record in September, pushing the current account deficit up by 583 million dollars (404.4 million U.S.) to 1.72 billion dollars (1.19 billion U.S.).

The Bureau of Statistics reported Friday that exports also reached their highest recorded monthly level, up 11 percent, but this was not enough to prevent the trade balance slipping back into the red.

Seasonally adjusted, the current account deficit in September was 1.51 billion dollars (1.1 billion U.S.), an increase of 576 million dollars (399.5 million U.S.) on August.

The balance on merchandise trade showed a deficit of 111 million dollars (77 million U.S.) unadjusted, compared to a 145 million dollar (100.6 million U.S.) surplus in August.

The seasonally adjusted trade deficit was 27 million dollars (18.7 million U.S.) after exports rose 11 percent to 5.22 billion dollars (3.61 billion U.S.) while imports soared 20 percent to 5.25 billion dollars (3.64 billion U.S.).

Apart from July this year, when it reached 1.98 billion dollars (1.41 billion U.S.), the current account deficit was the worst since October 1990, when it was 1.88 billion dollars.

The deficit in September last year, unadjusted, was 1.47 billion dollars.

This year's September figure pushed the deficit for the first quarter of the 1992-93 financial year to just over 4.80 billion dollars (3.33 billion U.S.).

This is the biggest quarterly deficit since the 4.92 billion dollars recorded in the first three months of 1990-91, and way above the government's budget forecast of a deficit of 15 billion dollars for 1992-93 as a whole.

The Australian dollar sank briefly on the release of the data, touching 69.15 U.S. cents, but then edged upwards and was trading at 69.24 cents just before noon (0100 GMT).

"The figure was bad," said a Macquarie Bank dealer, "but not far off market expectations.

"There has been a little bit of selling out of Japan, but nothing concerted."

Papua New Guinea

Wingti Announces Plan To Visit Bougainville

BK2910125592 Melbourne Radio Australia in English 0803 GMT 29 Oct 92

[From the "International Report" program]

[Text] Papua New Guinea's [PNG] Prime Minister Paias Wingti has announced that he plans to visit the rebel island of Bougainville in the next few weeks. The announcement came at a press conference in Port Moresby and Helene Chung asks our correspondent Sean Dorney when the prime minister is likely to make the visit.

[Begin recording] [Dorney] He said next month. Now, parliament begins on 10 November and he cannot miss out on the parliamentary session because that's the budget session so it's either probably next week or toward the end of November. He certainly said it would be November. This is how he announced it to us at the press conference that I have just come back from.

[Wingti] With the support of the local people, with the support of the chiefs, we have moved in to central Bougainville and I would say our men on the ground are going to be the winner and they have given us very encouraging reports. It is the wish of the people of North Solomons, the wish of the government, to overcome this tragedy that we have gone through the last four years. And I have also invited the press to have a look and talk to our people on the ground. (?The signs are there) and we are quite confident and [word indistinct] with the progress up to date. And my purpose of going to North Solomons Province is a very important trip for the head of government to meet the people of North Solomons and also at the same time, I am asking those who are troublemakers, the minority who was causing trouble, to voluntarily surrender.

[Dorney] So, Helene, he has invited us as media to go back in and I might say that also includes me as the ABC [Australian Broadcasting Corporation] and Radio Australia representative so [words indistinct] Bougainville one month or back in with Prime Minister Wingti the next.

[Chung] So, what sort of a risk do you think that the prime minister's taking?

[Dorney] Mr. Wingti himself calls it a calculated risk. We pressed him on what the military advice had been. He was fairly cagey and eventually said that it was his decision to go and he had told the military that he would be going in. He sees it as his responsibility to go in there because other government members, they are certainly the public servants, are being expected to go into central Bougainville so he says it is up to him to show the way.

[Chung] Well, this has indicated that the PNG defense forces want control of central Bougainville.

[Dorney] It's not quite certain Mr. Wingti talks about patrols going into Panguna. Well that is certainly a breakthrough for the PNG Government. Also patrols going as far as Kieta, which is the other side of Arawa, but he has not said that they have set up camp in any of those areas. They are more like reconnaissance patrols and he does admit that it is not over yet. So, there are certainly elements of the BRA [Bougainville Revolutionary Army] that are still armed, and we will probably see skirmishes yet to come. [end recording]

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For instance, at the time of the formation of the second Nakasone cabinet I was excluded from cabinet membership, due to a clash I had with Mr. Nakasone.

[Oshima] Why did you clash?

[Ozawa] At that time, there was the problem of correcting the number of House of Representatives members from electoral districts, but there had been other problems before that. After the Lockheed verdict, the opposition insisted that unless a political ethics bill (a bill to revise the Diet Law including establishment of the Examining Committee for Political Ethics) was proposed, they would not budge to cooperate with setting the Diet in motion. At that time, I argued with boss Tanaka a little, but there was also a little trouble with Mr. Nakasone.

In addition to that, since I again clashed with him on the matter of the numbers from electoral districts, I was excluded. I heard that my name was not on the list of cabinet members presented by Mr. Nakasone. The Ministry of Home Affairs went to someone else. I know the name of the person.

Chairman Kanemaru, then secretary general, complained to Mr. Nakasone saying "if you do such a thing, I'm going to quit also." This was settled after an exchange: "Oh, sorry, sorry," and "all right, then." When Mr. Nakasone resigned after one year, I was again hated on the issue of extending his term (laughter).

After that, I served as deputy chief cabinet secretary, then returned to the faction as executive secretary, and jumped to secretary general. Limited in terms of court ranking, I am the lowest among those who were elected to HR in the same year (classmates): Finance Minister Hata, MITI's Watanabe, and Transportation Minister Okuda, theirs are all third ministerships.

[Oshima] In terms of number of medals, your classmates lead you by a big margin.

[Ozawa] As far as number of medals is concerned, they are far above me. However, no precedent exists in LDP history to jump from deputy chief cabinet secretary to secretary general—a three-step jump.

[Oshima] How old were you then?

[Ozawa] I was 47, the youngest secretary general, the same age as old man Tanaka. Nobody approved of me becoming secretary general.

[Oshima] Nobody approved?

[Ozawa] No, except for Chairman Kanemaru who recommended me. Nobody had expected me to become secretary general. People would think "it can't be Ichiro Ozawa." Old man Tanaka had held a ministership many times before, but I had not. Nevertheless Chairman Kanemaru recommended me.

[Oshima] This is the first time I heard that Mr. Kanemaru alone approved of the appointment.

[Oshima] Others grumbled. Chairman Kanemaru alone told me: "You take it. Never mind." Therefore, my presence today is entirely owed to Chairman Kanemaru. Nevertheless, I dare to talk to the chairman about anything that concerns national and world affairs, whatever I feel to be important. The chairman is willing to listen to me 99 percent of the times. So far, there have been no occasions on which our opinions differed, and this will probably be so in the future too.

What would I do if there were a difference of opinion? Of course, I would accept the final decision of the chairman. Even if the conclusion differed from what I believe, I would always stay in the same boat with Chairman Kanemaru. That is the only way for me to act. This is the way I live.

The Reason Why Ozawa Declined To Become Prime Minister on That Occasion

[Oshima] Since Mr. Kanemaru is an influential politician, when he is in the wrong please give him advice without hesitation. The statement he made in North Korea was not appropriate.

[Ozawa] Many aspects of Chairman Kanemaru's visit to North Korea were misreported. Chairman Kanemaru did not digress from fundamental principles. There is no need to worry about that.

Many arguments were raised as to postwar reparations. In the case of South Korea, decisions were made taking many factors into consideration. It was not intended to make a special case of North Korea. I think the statement was made in consideration of the lack of diplomatic relations with North Korea for over half a century.

While Chairman Kanemaru is a man of kindness, he does not make mistakes about the main issues. He never has erred in that way and never will.

This may sound repetitive, but I am what I am today because of Chairman Kanemaru. Therefore, I mean to follow Chairman Kanemaru's final decisions, whatever they may be.

[Oshima] In post-Kaifu days, however, Mr. Ozawa did not agree with Mr. Kanemaru when he said to you "be prime minister."

[Ozawa] Oh no, that was not a matter of political decision.

[Oshima] Why didn't you agree to take over? If you think you can become a prime minister any day, that is a mistake.

[Ozawa] If my first priority, namely my final goal, were to become prime minister, last year I would have consented to do so. The future is unknown, whether I can become one or not. Mr. Michio Watanabe said that "if you stand as a candidate, I will withdraw and will, instead, promote you." Mr. Mitsuzuka also said that "[I will back you up] on Keiseikai's recommendation."

Therefore, had I said "yes," no doubt I would have been prime minister. But I do not think becoming prime minister is the end of the story. My final goal is not to become prime minister, rather I should think through what I want to do, what I should do, and what I can do.

Had my goal been to become prime minister, I could have achieved that at the time. However, I was not prepared at all. I said, "Chairman, that is not at all reasonable. I can't do anything when I'm not prepared for it." I was not prepared mentally or policywise. Please spare me this time, I said, it's a matter of national and governmental importance. It wasn't a policy decision.

[Oshima] I think that was a correct answer. Had Mr. Kakuei Tanaka told Mr. Takeo Fukuda, "you first," the postwar political situation would have been considerably different.

[Ozawa] Really, in hindsight history can be well understood. It was so in the case of Tanaka/Fukuda. That was also the case with Abe/Takeshita. To think if Mr. Abe had the chance for half a year or one year... It is difficult for all things to go well.

[Oshima] I feel like egging you on. Mr. Ozawa is the only politician who can revise the Constitution.

[Ozawa] I wonder about that (laughter).

[Oshima] Wouldn't you like to do so?

[Ozawa] The Constitution is nothing but a set of rules to improve our lives. However, the Japanese, emotional as they are, close off everything else once they have made up their mind one way. It is not in the nature of the national character to process things in a cool-headed way. Once the Japanese make up their mind that "this is the peace constitution," that document becomes absolutely sacred and turn into something that should never, ever be touched.

[Oshima] The term itself, peace constitution, sounds dubious.

[Ozawa] This is a typically Japanese and emotional usage of language. A constitution is a constitution, there can't be such a thing as a war constitution or a peace constitution. By adding such words, the Constitution is raised to a status of infallibility.

People talk about Diet reform. However, even a fundamental reform of the House of Councillors can't be instituted without changing the Constitution. More typically, aid to independent schools is also an infringement of the Constitution. In addition to Article 9, there are many other difficulties that call for changes in the Constitution. Take the case of the United States: They tinker constantly with theirs.

[Oshima] Why won't Japanese politicians touch the Constitution?

[Ozawa] Because they can coast along without touching it. That is the easiest course. They think there is no need to dare anything that would elicit opposition or counterargument.

[Oshima] Politicians manage by relying on expanded interpretations of the Constitution.

[Oshima] After all, postwar Japanese society has been a lukewarm place in which collusion and interdependence are the order of the day. Everyone strives only to make money. Whether it be labor versus employer or the party in power versus the opposition, it amounts to the same thing. In this way, everyone has become rich. Isn't it the consensus of Japanese society not to get involved with any other thing that might cause trouble?

[Oshima] Let's change such a society. Please change it.

[Ozawa] Of late there appear to have emerged doubts and anxieties among the public, that is whether this society of collusion can be maintained for a long time.

However, the atmosphere that favors no change still prevails in both the mass media and Nagata-cho.

Unsympathetic to Mr. Shinsuke Kishi's Way of Life

[Oshima] Only idealistic politicians can put an end to this type of society. When I was chatting with a friend, a former head of the Political Division, he cited the name of Shinsuke Kishi as at the top of his list of idealistic politicians. According to him, the criterion to evaluate a politician should be whether he is willing to lay down his life for his cause. Do you think Shinsuke Kishi was great?

[Ozawa] I think he surely was great. However, as a politician, I can't endorse his way of life fully.

[Oshima] What does that mean?

[Ozawa] This does not apply only to Mr. Kishi, but he was one of those who committed himself to the erroneous politics of prewar days. It is my own way of life that makes it impossible for me to sympathize with any of them.

[Oshima] Hmmm. Is that because Mr. Kishi was a "war criminal?"

[Ozawa] Putting aside the term "war criminal," a creation of the occupying forces, the fact remains that he was one of those responsible for the lost war, as well as for the deaths of 3 million of his countrymen. That wrongful war caused the people to shed their blood and lose all the property accumulated since the Meiji era. For such a person to lead the next generation—such a way of life is incompatible with my way of life.

[Oshima] You mean he should have left politics at the end of the war?

[Ozawa] Yes. He should have shaved his head [become a Buddhist priest] and spent the rest of his life mourning the war dead on a mountain.

[Oshima] Is that so? Those are quite unexpected words.

[Ozawa] Whether or not Mr. Kishi was a superior and capable person, I can't approve of his way of life. I am not picking on Mr. Kishi alone, but the fact is that at that time he was minister of commerce and industry. He was not a mere government official. Revere the future generations: Any number of men of ability will be available.

[Oshima] Do you go back that far to evaluate a person?

[Ozawa] But that was not a trifling matter. Three million lives were laid down. This is a very heavy burden. I'm not talking about Mr. Kishi's abilities but his principles and way of life as a politician.

[Oshima] However, Mr. Kishi handled the very important Japan-U.S. Mutual Security Treaty. That made today's prosperity in Japan possible.

[Ozawa] That was not achieved by Mr. Kishi alone. It is owed to the cooperation of many people.

What Faction Does Keiseikai Belong to?

[Oshima] Let me pose a straightforward question. Where does Keiseikai belong, to the Takeshita faction or the Kanemaru one?

[Ozawa] Probably to both. Keiseikai is like a pair of "sake" bottles dedicated to a Shinto god; just right, in a pair.

[Oshima] If you force yourself to choose one?

[Ozawa] That would depend on what elements you choose from a faction. What would you choose as the basic elements of a faction?

[Oshima] The first would be personnel. A faction that doesn't produce cabinet ministers will disappear.

[Ozawa] In that sense then, the choice would be the Kanemaru faction. I got an unexpected post of secretary general because of Chairman Kanemaru's recommendation.

[Oshima] If you define a faction in terms of ability to feed the persons who belong to the village, a faction, Keiseikai, after all, belongs to the Takeshita faction, since it is owned by Mr. Takeshita.

[Ozawa] It is hard to say. They are inseparable, Chairman Kanemaru and Mr. Takeshita.

[Oshima] It is as if these two live in different buildings on the same lot.

[Ozawa] That's right. But they do the same things. To stretch the point, the faction in general has been called the Takeshita faction. Mr. Takeshita was prime minister as well as LDP president, so that, generally speaking, it is the Takeshita faction.

[Oshima] After the death of his wife, has Mr. Takeshita's daughter been taking care of Mr. Kanemaru?

[Ozawa] Mr. Kanemaru might have been gone, now that he has a house. Anyway, they are one body, because the eldest son married the eldest daughter (Takeshita's eldest daughter married Kanemaru's eldest son).

[Oshima] We hear that Mr. Ozawa also is related to Mr. Takeshita.

[Ozawa] Yes, yes.

[Oshima] Mr. Takeshita's younger brother by a different mother married Mr. Fukuda's second daughter.

[Ozawa] And my wife is the eldest daughter [of Fukuda.]

[Oshima] By the way, when do you plan to become prime minister?

[Ozawa] At present, I have no intention to.

[Oshima] What do you mean by "no intention?"

[Ozawa] As a politician, I have nothing to regret; no regret even if, for example, I, right now, throw the badge [Diet member's badge] away or die. I have served as secretary general, thanks to Chairman Kanemaru. Unexpectedly, I was the youngest secretary general and made international contributions at the time of the Gulf war. Because of that, Japan managed to escape ostracism in the international community.

Then, I managed the general election in that climate and tumult. And we won. As secretary general, I have had a chance to handle two major events, international as well as domestic, the luckiest opportunities a politician can hope for.

[Oshima] Mr. Susumu Nishibe praised you for "looking in the face the problems of the consumer tax as well as Japanese contribution to the international community; Mr. Ozawa was about the only person who spoke so dauntlessly and acted on behalf of Japan's future." Mr. Ozawa's reputation is high among the well-informed as well as among political experts.

[Ozawa] Conversely, that's the reason why I am disliked elsewhere (laughter.)

[Oshima] Mr. Ozawa is the only person, among postwar politicians, who could have chosen to become prime minister. You are really a rare example.

[Ozawa] Ha, ha, ha. At present, I am spending my days peacefully surrounded by my family, just like a retired oldster.

[Oshima] Have you lost interest in the prime minister's chair?

[Ozawa] I don't much like to visit foreign countries, to talk to foreigners, or to attend parties. What's so fun about these?

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[Oshima] I wish Mr. Miyazawa, who appears to love these activities, had more dignity. He falls short of our expectations. How come?

[Ozawa] Well, that calls for no comment (laughter).

Post-Interview Comments

Mr. Ozawa's office is located close to the Diet building, right in front of Hie Shrine. The atmosphere is lively, befitting the office of a politically powerful person, bustling with people coming and going constantly. The interview lasted for 40 minutes. Mr. Ozawa's secretary, who was present throughout, told the interviewer that "this is the first time the boss talked like this." Once in the course of the interview, I myself leaned forward unintentionally.

This was when Mr. Ozawa set forth his criticisms of Kishi. No other conservative politician has dared to reject the "postwar Kishi" this clearly in an interview, outside of idle talk, held under the assumption of the publication of its contents.

At the time of the 1960 Japan-U.S. Mutual Security Treaty, his father, Saeki Ozawa, worked hard as the chairman of the House of Representatives' Special Committee for Problems Concerning the Japan-U.S. Mutual Security Treaty. Therefore, we tend to interpret that Mr. Ozawa did not wish to assign credit for the treaty to Mr. Kishi alone. However, this interpretation is not justified.

What Mr. Ozawa wants to make a point about most, taking Mr. Kishi as an example, is a politician's philosophy which guides his every action. In my interpretation, his statement is a scathing criticism of the present-day LDP leaders.

[Box, p 83]

"Mr. Ichiro Ozawa was born on 24 May 1942 in Mizusawa City, Iwate Prefecture. He moved to Tokyo when he was in the eighth grade, and transferred to Koishikawa High School, a municipal secondary school. He failed to pass the entrance examination to the Faculty of Law, Tokyo University, despite two attempts, but entered the Faculty of Economics, Keio University, the entrance examination for which he had taken in case he did not make Tokyo.

In 1968, while he was preparing to take the final (second level) bar examination, his father, Saeki (former construction minister) died. In the general election held next year, 1969, at the age of 27, he was elected [to the House of Representatives] at the top of the list. Since then, he has been continuously returned eight times. He first entered a cabinet, the second Nakasone cabinet, in December 1984, as minister of home affairs, as well as chairman of the National Public Safety Commission. He became deputy chief cabinet secretary of the Takeshita cabinet in November 1986, and, in August 1989, became LDP secretary general. At present, he is acting president of Keiseikai." [end box]

* Rivalry Between Ozawa, Kajiyama Outlined

922B0269A Tokyo SHUKAN JIJI in Japanese 5 Sep 92 pp 20-21—FOR OFFICIAL USE ONLY

[Article by Jiro Nagata (pen name), from the "Inside the Political World" column: "New Ichi-Roku Warfare"]

[Text] From big factional bosses to minor elected "backbenchers," spats are daily happenings in political circles due to their overconfidence in putting themselves forward. Not an eyebrow is raised even when some bloodshed is threatened; but there is one fight which those fellows are watching with bated breath. It is the confrontation between former Liberal Democratic Party [LDP] secretary general Ichiro Ozawa and the party's Diet Policy Committee chairman Seiroku Kajiyama. Noted as the two men are for their nerve and power, what kind of showdown will they show us?

Quarrels between politicians are "titled" by taking a syllable from the names of each of the two persons. The wrangling between Hiroshi Mitsuzuka and Mutsuki Kato, waged over the succession to Shintaro Abe, was the "San-Roku war," while the fateful rivalry of Ichiro Ozawa with Ryutaro Hashimoto was the "Ichi-Ryu war." In that vein, Ozawa versus Kajiyama is the "Ichi-Roku war."

The political stances of Ozawa and Kajiyama are antithetical. If Ozawa is an "idealist" type who would push forward revision of the constitution or the dispatch of Self-Defense Forces abroad despite any "taboo," then Kajiyama is a down-to-earth realist who asserts indifferently that "Politics is the greatest of amusements. The Diet Policy Committee is enjoyable."

Iwate Second District Reduced?

Something began to go wrong between those two last fall. It was because the idealist and realist had clashed over core elements of political reform.

With his pet thesis that "we must by all means have political reform. Above all, the current medium-size electoral district system is at an extreme of systemic exhaustion," Ozawa has burned with tenacity to introduce the small electoral district system—to pass laws related to political reform—which may be called a "heritage" of his days as secretary general. By contrast, Kajiyama rejects it out of hand, saying, "Small electoral districts? There's no way we can do that. Aren't we divided over that even within the LDP?" Taking the lead as chairman of the Diet Policy Committee in the extraordinary Diet session last fall, Kajiyama joined with the then chairman of the lower house special committee on political reform, Hikosaburo Okonogi, to gut bills showing any connection with political reform.

Nor was that all. Having made a comeback as Diet Policy Committee chairman through the intervention of Prime Minister Kiichi Miyazawa, Kajiyama pulled together and presented the "add nine/subtract ten" revision proposal as the quota in medium-size electoral districts so as to deal a coup de grace to Ozawa's ideas. Intentionally or not, he even threw in Ozawa's Iwate Second District as the 10th electoral district to lose a seat.

With this, even Ozawa could not keep his equanimity. Complaining that "it is very tough to persuade those who would reduce the quotas. To get their assent, we have to show the course for how drastic reform will come about." When he heard the Social Democratic Party of Japan [SDPJ] was interested, he parried the offensive of the always complaining socialist party, growling that "the SDPJ party is no good either. If you are the party of socialism, you have to act with more reason."

If Ozawa falls into low spirits, Kajiyama becomes garrulous. He asserts, "If the prime minister makes up his mind to cast aside fellows in districts losing seats, we can get the 'add nine, subtract 10.'" Grinning, he goes on, "It's an undertaking for the whole cabinet. This will enable Mr. Miyazawa to go down in history. It will decide his 'posthumous name.' It will be 'the subtract one layman.'"

Deep Roots of Quarrel!

These two who have split over political reform are scattering sparks even in dealing with the Miyazawa cabinet. Ozawa, who hates Miyazawa, has even made the emperor's visit to China a butt of attack, saying, "This is something for decision by the cabinet. It is odd to make (the LDP directors meetings, etc.) into debates in the political arena." If he castigates Miyazawa's lack of leadership, Kajiyama praises the victory in the upper house elections and says, "Unless we have an unexpected incident, we will go with this setup at least until the party presidency election in the fall of next year. The Miyazawa regime is gaining stability."

Speaking of the "Ichi-Roku war," one is reminded of how Kiichi Miyazawa and Rokusuke Tanaka fought over the faction's number-two post when the Miyazawa faction was still the Suzuki faction. Indeed, in the competition between these two it was the multitalented Rokusuke who was highlighted. When Miyazawa, whose fortunes looked bad, visited China in 1984, he cited a line from China's chronicles, "Drive the deer to the middle field," revealing forcefully the extent of his resolve to aim for the reins of government.

No sooner was Miyazawa's "drive the deer" statement reported than the gossipy sparrows of the political world chimed in with, "Did he not mistake the word 'deer' for the word 'six' [roku]? Being unable even drive out Rokusuke, how is he to drive deer?"

Still, the current "Ichi-Roku war" is no exaggeration. A person involved in the LDP worried that "I thought the antipathy between Ozawa and Kajiyama was simple bad blood between two little lions, but it isn't. The roots of the quarrel are deep." Those around Miyazawa worry that "it would be awful if Kajiyama were given a post of authority. The course of the war may be greatly affected by whether or not Kajiyama gets the chief secretary's post in the fall personnel shuffle.

Mongolia

Jasray, Kazakh Counterpart Sign Economic Accord

OW2710210692 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1808 GMT 27 Oct 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, October [no date as received] (OANA-MONTSAME)—The press conference on the outcome of the official visit of the Prime Minister of the Republic of Kazakhstan to Mongolia at the invitation of the Mongolian Government held today here at the press-center of the Ministry of External Relations. The Prime Minister of Mongolia P. Jasray and the Prime Minister of Kazakhstan S.A. Tereshchenko have spoken before Mongolian and foreign journalists.

P. Jasray has characterized the outcome of the first official visit of the head of the government of the sovereign Republic of Kazakhstan to Mongolia as successful. The Mongolian premier has notes that the present visit of the Prime Minister of Kazakhstan S.A. Tereshenko to our country marked the beginning of devolopment and expansion of bilateral relations under new conditions, on new directions and on the new basis. Our talks with Mr. Tereshenko have successfully finished just now as a result of which the inter-government Mongol-Kazakhstan trade-economic and cultural agreement of great importance for expanding of relations and cooperation between Mongolia and Kazakhstan were signed by us, noted P. Jasray. [sentence as received]

The purpose of our visit is to expand economic relations of the two countries, said the prime minister of Kazakhstan S. A. Tereshchenko. He has expressed satisfaction with the outcome of his visit to Mongolia, pointed out an importance of the documents signed by him and the Mongolian primier.

Jasray Briefs Art Workers on Perestroyka

OW3010003192 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 2134 GMT 28 Oct 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, October 28 (OANA-MONTSAME)—The delegates to the 4th Congress of the Union of Art Workers of Mongolia before starting the work of their forum had a meeting with the Prime Minister of Mongolia P. Jasray. The prime minister has informed the delegates to the congress about process of perestroyka and renewal in Mongolia, the government activity programme and has pointed out to the great services of creative workers to development of culture and art in the country.

The participants to the congress have started today discussion of the summary report "Aims and Tasks of the Union of Art Workers of Mongolia Under Conditions of Market Economy" made by the chairman of the board of the union B. Zangad. In his report B. Zangad has noted that creative workers made their concrete contribution to realization of the process of society reforming. He has noted that one of our present achievements is the fact that as a result of these processes culture and art organs got rid of administrative command and oppression of one party ideology. The congress continues its work.

Consul General to Uzbekistan Named

OW3010021392 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 2122 GMT 28 Oct 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, October 28 (OANA-MONTSAME)—The former deputy-chairman of the former State Small Hural (SSH) K. Zardykhaan [name as received] is appointed the consul general of Mongolia in Tashkent. K. Zardykhaan among other 15 former members of the State Small Hural did not have a job till recently.

Ganbold Named Leader of National-Democratic Party

OW2710234992 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1741 GMT 27 Oct 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, October 27 (OANA-MONTSAME)—35 years old Davaadorjiin Ganbold, ex-chairman of the Mongolian Party of National Progress (MPNP) which stopped its activity, former first deputy prime minister of Mongolia is elected the chairman of the new party—the Mongolian National-Democratic Party (MNDP). 53 percent of delegates to the constituent congress of the new political party—the MNDP—which finished its work yesterday late at night have voted in favour of D. Ganbold. The new party was founded as a result of uniting of the Mongolian Democratic Party, the Mongolian Party of National Progress, the Mongolian United Party and the Mongolian Renascence Party. Another candidate for the post of the party chairman Sanjaasurengiin Zorig has got 47 percent of votes out of more than 510 delegates to the congress. In the final day of work the congress has also elected the guiding organ of the MNDP—the party conference consisting of 115 persons, adopted the MNDP programme and rules. The message of the president of Mongolia P. Ochirbat to the MNDP congress was read out. Today the MNDP conference begun its work. Discussion of organizational questions, including appointing of the party general secretary, electing to the leading council, electing of a director of the Political Institute are on the agenda of the conference.

New French Ambassador Presents Credentials

OW2710235392 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1811 GMT 27 Oct 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, October 27 (OANA-MONTSAME)—The Minister of External Relations of Mongolia Ts. Gombosuren has received the ambassador of France to Mongolia Pierre Morel in connection with the pending presentation of credentials.

ILO Representative Arrives To Discuss Projects

OW3010021192 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 2119 GMT 28 Oct 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, October 28 (OANA-MONTSAME)—The representative of the International Labour Organizationn (ILO) M. Whiteloo has arrived in Mongolia. He will be engaged in questions of realization of a project of social maintenance improvement in Mongolia. The Netherlands will allot initial means for realization of this project worth 78 thousand U.S. dollars.

Association for Ties With Foreign Firms Set Up

OW3010020592 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 2127 GMT 28 Oct 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, October 28 (OANA-MONTSAME)—One more public organization—the Association for Cooperation With Foreign Private Small and Medium Enterprises—is founded in the Mongolian capital [punctuation as received]. The aim of this voluntary public organization is to promote development of mutually beneficial cooperation between Mongolian private enteprpises, citizens and corresponding foreign enterprises and businessmen.

30th Anniversary of Joining UNESCO Marked

OW2910011892 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 2134 GMT 28 Oct 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, October 28 (OANA-MONTSAME)—Press conference devoted to the 30th anniversary of Mongolia's joining UNESCO held today at the press center of the Ministry of External Relations of Mongolia.

Speaking at the press conference, the Chairman of the National Commission H. Behbat has announced that in 30 years of cooperation with this organization the projects on development of science, culture, education, information have been realized. In the years of fruitful cooperation Mongolia has participated in large-scale international projects, such as "Man and Biosphere," "[word indistinct] world", "Renewal of Education System in Asian and the Pacific Region" and etc.

In accordance with the cooperation programme Mongolia has accomplished projects worth of 5.2 mln [million] US dollars, among them there are such projects as foundation of a poly-technical institute in Mongolia (1966), restoration of the monastery Amarbayasgalant, training of foreign language specialists, improvement of material-technical basis of high educational establishments, of the news agency MONTSAME and etc. Numerous exhibitions, symposia, seminars have been organized.

At the present stage of cooperation such projects as computerization of traditional Mongolian script, protection of ancient monuments at the River Orhon are being accomplished.

Potential Exists for Stabilized National Economy

OW2710235092 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1746 GMT 27 Oct 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, October 27 (OANA-MONTSAME)—There are internal and external conditions for maintaining stability of Mongolian economy, considers the member of the State Great Hural (SGH) of Mongolia Doctor of Economic Sciences G. Tsedendagva. He is the head of the SGH Standing Committee on Economic Development and Infrastructure. In an interview to MONTSAME correspondent G. Tsedendagva notes that despite deep economic crisis of industrial branches of economy of Mongolia the animal-husbandry branch playing a considerable role in economic life of the country remains comparatively stable. Among important factors for stopping economic deterioration the scientist names a complete use of capacities of numerous enterprises which often stand idle because of the lack of raw materials, spare parts and also absence of organization and production discipline . In his view, there are great possibilities of expansion of Mongolian export and increase of currency resources.

In the last two-three years new spheres of production and service are developing, in Mongolia, first steps are being made for foundation of enterprises output of which can replace imported materials and articles. This, in my opinion, is one of important factors for stabilization of economy, says G. Tsedendagva. Full transition of Mongolia to market relations, creation of mechanisms of market economy, foundation and development of its infrastructure, pursuing of an open external economic policy is the most effective way of taking the country out of crisis situation notes the scientist.

Intellectual Property Exchange Established

OW3010020992 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 2124 GMT 28 Oct 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, October 28 (OANA-MONTSAME)—Under the aegis of the Society of Innovators and Rationalizers the Intellectual Property Exchange is founded here. Z. Gombojav [name as received] is appointed the director of the exchange. Intellectual Property Exchange is engaged in rendering intermediary service in sale of intellectual property of Mongolian citizens within the country and abroad, in introduction of new technique and technology at enterprises of the Mongolian Society of Innovators and Rationalizers.

Rise in Consumer Prices Reported 'Considerable'

OW3010003292 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1921 GMT 29 Oct 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, October 29 (OANA-MONTSAME)—According to the newspaper "ULAANBAATAR", an acute deficit of goods in the period of transition to market relations leads to a considerable increase of prices on goods and service.

In comparison with the last year, prices on goods for adults have increased, as a whole, by 3.8 times, including, on food-stuffs, clothes and foot-wear - by four times, house-hold articles - by six times, medicine - by two times, transport tariffs - by 2.2 times.

New Newspaper Granted Legal Status

OW3010002992 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 2129 GMT 28 Oct 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, October 28 (OANA-MONTSAME)—The Ministry of Justice of Mongolia has granted the 200th newspaper a legal status. This is the private scientific-popular newspaper "ANGARAGIIN TSAGIRAG" ("RING OF MARS"). The newspaper boom continuing in the country for the last two years leads to a more acute deficit of paper in Mongolia.

MONTSAME Publishes Ulaanbaatar Press Review

27 Oct

OW2710234792 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1751 GMT 27 Oct 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, October 27 (OANA-MONTSAME)—The newspaper "ARDYN ERH" informs that the state hural (SGH) session has agreed with a veto put to the president of the country upon one of the resolution adopted as a result of consideration of the main directions of the state activity submitted by him on maintaining public order. The president has put a veto upon the provision considering that the questions of struggle with hard drinking, restoration of humane moral traditions of national culture were not reflected in it. The State Great Hural has decided to make necessary amendments in the resolution. "ARDYN ERH" carries the greetings of the president of Mongolia P. Ochirbat addressing the 18th General Conference of the World Brotherhood of Buddhists being held in Taiwan. The paper publishes also a message of the president to the newly founded Mongolian National Democratic Party in which he expresses confidence that the new party will actively further the deepening of democracy and economic reforms in the interests of people.

As the paper informs, bilateral talks between the Prime Minister of Mongolia P. Jasray and the Prime Minister of Kazakhstan S.A. Tereshchenko who arrived in Mongolia at the invitation of the Mongolian Government have started. The sides have exchanged information about situation in the two countries, directions of further cooperation and have decided to sign a number of documents.

The general director of the concern "Mongol Machine" founded instead of the former auto-repair enterprise H. Dorjhorloo in his interview to the newspaper correspondent notes that because of lack of currency resources many organizations have stopped making use of services of auto-repair enterprise, and that demand for auto-trailers is not much. At present the enterprise produces house-hold articles. In the director's view, the enterprise can serve as a basis for development of motor-car construction and agricultural engineering industry.

Mongolian communist's newspaper "UNEN", commenting on discussion of the Mongolian Government activity programme at the State Great Hural session, points out to the poor working out of the document. The paper considers that the government should exercise self-control to become a strong power.

The paper carries an article "Tendencies of Changing System of Values of Mongols" by candidate of philosophical science H. Gundsambuu who writes that Mongolian people from ancient times created and inherited its own system of values notable for their unique features. According to the author among these values there are traditions of independence and state system, respect for labour and man. Among the invariable values the author names nomadic cattle-breeding, love for the native land, observance of moral traditions.

The paper publishes a positive response of the president of the country P. Ochirbat to the suggestion of the academician A. Luvsandendev to hold a discussion on the question about introduction of the traditional Mongolian Script. A. Luvsandendev suggests to use the old Mongolian script as the state one, and the new script based on the cyrillic alphabet for everyday use.

28 Oct

OW2910011592 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1921 GMT 28 Oct 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, October 28 (OANA-MONTSAME)—The "ARDYN ERH" newspaper has published the law on making amendments in the law on banks, in accordance with which banks will fix their own interest rate for loans and credits but not less the minimum interest rate set by the Mongolbank for incoming deposits.

The newspaper informs that a general taxation law is being considered at the State Great Hural session there were heated discussions on the issues of tax, duties and charges.

The newspaper reports that the Ministry of Science and Education has approved the revised order of founding private and cooperative schools, in accordance with which owner and/or director of the private and cooperative school should be a highly-educated person with over three year service in this field. Those schools should have as provided by the law on economic units, initial fund not less than 500,000 tugriks worth as well as training laboratories, halls for sport and culture arrangements and etc.

As the newspaper reports, the congress of manufacture and service cooperatives union was held yesterday in the capital at which P. Jasray, Mongolia prime minister, the former president of the union made a speech.

The newspaper carries the article "Ideas on Reviving Mongolia and Her Economy" by D. Byambasuren, the former prime minister of Mongolia. The article to be continued in the next issue considers various ways of developing economy, traditions as well as the present situation and puts forward ideas on reviving the national economy.

The "UNEN" newspaper, the MPRP [Mongolian People's Revolutionary Party] organ, publishes an article on party activity under new conditions, stressing that the oldest party of the country is learning to act within the framework of a parliamentary party.

The newspaper rejected the attempts to equate principle of centrism declared by the party with Buddhism and Confucianism, accusing the MPRP of repudiation of socialism values.

The newspaper informs that the MPRP Secretary General B. Dashyondon has received H. Brooks, a research worker of the British Foreign Office Department for Far East Study on her request and acquainted her with the MPRP renewal in conditions of transiting to market economy. He also stressed that the party draws a special attention to the issue of mobilizing their own efforts, effective application of donor-countries support. According to the newspaper, he also received R. Vara, correspondent of the Japanese newspaper "ASAHI SHIMBUN".

The newspaper continues to discuss the issues of implementing the recent 5th party plenum decisions and of the party renewing.

The newspaper informs about the results of the Chinese Communist Party CC Plenum considering the organizational questions.